

CHAPTER 432. GAMING

MCCAULEY-TRAXLER-LAW-BOWMAN-MCNEELY LOTTERY ACT Act 239 of 1972

AN ACT to establish and operate a state lottery and to allow state participation in certain lottery-related joint enterprises with other sovereignties; to create a bureau of state lottery and to prescribe its powers and duties; to prescribe certain powers and duties of other state departments and agencies; to license and regulate certain sales agents; to create funds; to provide for the distribution of lottery revenues and earnings for certain purposes; to provide for an appropriation; and to provide for remedies and penalties.

History: 1972, Act 239, Imd. Eff. Aug. 1, 1972;—Am. 1981, Act 40, Imd. Eff. May 13, 1981;—Am. 1987, Act 55, Imd. Eff. June 22, 1987;—Am. 1996, Act 95, Eff. Mar. 31, 1997;—Am. 2012, Act 293, Imd. Eff. Aug. 1, 2012.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

Popular name: Lottery Act

The People of the State of Michigan enact:

432.1 Short title.

Sec. 1. This act shall be known and may be cited as the “McCauley-Traxler-Law-Bowman-McNeely lottery act”.

History: 1972, Act 239, Imd. Eff. Aug. 1, 1972;—Am. 1981, Act 40, Imd. Eff. May 13, 1981.

Compiler's note: For expiration of act, see MCL 432.5(3).

For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

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432.3 Definitions.

Sec. 3. As used in this act:

- (a) “Bureau” means the bureau of state lottery created by this act.
- (b) “Commissioner” means the commissioner of state lottery.
- (c) “Joint enterprise” means any lottery activity in which the bureau participates pursuant to a written agreement between the state of Michigan and any state, territory, country, or other sovereignty as executed by the commissioner. Joint enterprise does not include the state lottery created pursuant to this act.
- (d) “Lottery” or “state lottery” means the lottery created pursuant to this act and operated exclusively by or under the exclusive control of the bureau of state lottery.

History: 1972, Act 239, Imd. Eff. Aug. 1, 1972;—Am. 1996, Act 95, Eff. Mar. 31, 1997;—Am. 1996, Act 167, Imd. Eff. Apr. 17, 1996.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

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432.5 Bureau of state lottery; creation; transfer of bureau to department of management and budget as autonomous entity; commissioner as head of bureau; commissioner exempt from civil service; legislative intent.

Sec. 5. (1) A bureau is created to be known as the bureau of state lottery. The bureau of state lottery created by this act in 1972, with all its authority, powers, duties, and functions, records, personnel, property, unexpended balances of appropriations, allocations, or other funds, including the functions of budgeting and procurement and management related functions, is transferred to and shall be an autonomous entity in the department of management and budget.

(2) The head of the bureau is the commissioner. The commissioner shall be exempt from civil service. It is the intent of the legislature that the commissioner should be responsible directly to the governor to ensure accountability and integrity of the bureau and accordingly should be 1 of the positions within the department of management and budget which is exempt from the classified state civil service.

History: 1972, Act 239, Imd. Eff. Aug. 1, 1972;—Am. 1974, Act 210, Imd. Eff. July 11, 1974;—Am. 1976, Act 177, Imd. Eff. June 29, 1976;—Am. 1980, Act 18, Imd. Eff. Feb. 27, 1980;—Am. 1984, Act 144, Imd. Eff. June 25, 1984;—Am. 1987, Act 62, Imd. Eff. June 25, 1987.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous

entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

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432.7 Commissioner; qualifications; appointment; vacancy; salary.

Sec. 7. The commissioner shall be qualified by training and experience to direct the work of the bureau. The commissioner shall be appointed by the governor, by and with the advice and consent of the senate, and shall serve at the pleasure of the governor. A vacancy occurring in the office of the commissioner shall be filled in the same manner as the original appointment. The commissioner shall devote his entire time and attention to the duties of his office and shall not be engaged in any other profession or occupation. He shall receive a salary as provided by annual appropriation.

History: 1972, Act 239, Imd. Eff. Aug. 1, 1972.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

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Administrative rules: R 423.401 et seq. of the Michigan Administrative Code.

432.9 State lottery; establishment and operation; maximum revenues; bids and contracts for equipment and services; prohibited activity; joint enterprises; education and treatment of compulsive gamblers.

Sec. 9. (1) The commissioner shall initiate, establish, and operate a state lottery at the earliest feasible and practicable time. The lottery shall produce the maximum amount of net revenues for the state consonant with the general welfare of the people. The commissioner shall solicit bids from financially responsible vendors of data processing equipment and services for the operation of the lottery and may contract with the approval of the state administrative board.

(2) The commissioner shall not conduct a lottery based upon an activity that utilizes the mechanical, physical, or mental skills of the participant and that is traditionally regarded as a sporting event.

(3) The commissioner may participate in joint enterprises with other sovereignties so long as the commissioner determines that the joint enterprise is designed to produce the maximum amount of net revenues for the state consonant with the general welfare of the people. The commissioner shall only participate in a joint enterprise agreement that provides that the commissioner may discontinue participation in the agreement if he or she determines it to be necessary. The commissioner shall report to the legislature every 6 months on the progress of the joint enterprise agreement.

(4) The commissioner shall submit a proposal to develop a program for the education and treatment of compulsive gamblers to the legislature within 6 months after the effective date of this amendatory act.

History: 1972, Act 239, Imd. Eff. Aug. 1, 1972;—Am. 1987, Act 62, Imd. Eff. June 25, 1987;—Am. 1991, Act 165, Imd. Eff. Dec. 19, 1991;—Am. 1996, Act 95, Eff. Mar. 31, 1997;—Am. 1996, Act 167, Imd. Eff. Apr. 17, 1996.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

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432.11 Rules.

Sec. 11. (1) The commissioner shall promulgate rules pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, as necessary to implement this act.

(2) The rules authorized under this section may include any of the following, subject to requirements and limitations in this act:

- (a) The type of lottery to be conducted.
- (b) The price of tickets or shares in the lottery.
- (c) The number and size of the prizes on the winning tickets or shares.
- (d) The manner of selecting the winning tickets or shares.
- (e) The manner of payment of prizes to the holders of winning tickets or shares.
- (f) The frequency of the drawings or selections of winning tickets or shares.
- (g) Without limit as to number, the type or types of locations at which tickets or shares may be sold.
- (h) The method to be used in selling tickets or shares, except that a person's name, other than a name used in advertising or a promotion under section 18(2) or (3), shall not be printed on the tickets or shares.
- (i) The licensing of agents to sell tickets or shares, but a person under the age of 18 shall not be licensed as an agent.
- (j) The manner and amount of compensation to be paid licensed sales agents necessary to provide for the adequate availability of tickets or shares to prospective buyers and for the convenience of the public.

(k) The apportionment of the total annual revenues accruing from the sale of lottery tickets or shares and from all other sources for the payment of prizes to the holders of winning tickets or shares, for the payment of costs incurred in the operation and administration of the lottery, including the expenses of the bureau and the costs resulting from any contract or contracts entered into for promotional, advertising, consulting or operational services or for the purchase or lease of lottery equipment and materials, for the repayment of the money appropriated to the state lottery fund, and for transfer to the general fund.

(3) The commissioner may promulgate rules incorporating by reference existing rules or regulations of any joint enterprise as required as a condition for participation in that joint enterprise. Any subsequent changes or additions to the rules or regulations of the joint enterprise may be adopted by the commissioner through the promulgation of a rule.

History: 1972, Act 239, Imd. Eff. Aug. 1, 1972;—Am. 1973, Act 86, Imd. Eff. Aug. 5, 1973;—Am. 1987, Act 55, Imd. Eff. June 22, 1987;—Am. 1991, Act 165, Imd. Eff. Dec. 19, 1991;—Am. 1996, Act 95, Eff. Mar. 31, 1997;—Am. 1996, Act 167, Imd. Eff. Apr. 17, 1996;—Am. 2004, Act 272, Imd. Eff. July 23, 2004;—Am. 2004, Act 383, Imd. Eff. Oct. 12, 2004;—Am. 2012, Act 293, Imd. Eff. Aug. 1, 2012.

Compiler's note: In separate opinions, the Michigan Supreme Court held that Section 45(8), (9), (10), and (12) and the second sentence of Section 46(1) ("An agency shall not file a rule ... until at least 10 days after the date of the certificate of approval by the committee or after the legislature adopts a concurrent resolution approving the rule.") of the Administrative Procedures Act of 1969, in providing for the Legislature's reservation of authority to approve or disapprove rules proposed by executive branch agencies, did not comply with the enactment and presentment requirements of Const 1963, Art 4, and violated the separation of powers provision of Const 1963, Art 3, and, therefore, were unconstitutional. These specified portions were declared to be severable with the remaining portions remaining effective. Blank v Department of Corrections, 462 Mich 103 (2000).

For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

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Administrative rules: R 432.1 et seq. of the Michigan Administrative Code.

432.12 Apportionment of revenue for payment of prizes; percentage.

Sec. 12. (1) Except as otherwise provided in subsection (2), as nearly as is practicable, not less than 45% of the total annual revenue accruing from the sale of lottery tickets or shares shall be apportioned for payment of prizes to the holders of winning tickets or shares.

(2) Notwithstanding subsection (1), the prize money from the sale of tickets or shares of any joint enterprise is that percentage of the total annual revenue accrued from that game as prescribed by the joint enterprise participation agreement executed by the commissioner.

History: 1972, Act 239, Imd. Eff. Aug. 1, 1972;—Am. 1995, Act 53, Imd. Eff. May 22, 1995;—Am. 1996, Act 95, Eff. Mar. 31, 1997;—Am. 1996, Act 167, Imd. Eff. Apr. 17, 1996;—Am. 1998, Act 393, Imd. Eff. Dec. 17, 1998;—Am. 2002, Act 471, Imd. Eff. June 21, 2002;—Am. 2006, Act 625, Imd. Eff. Jan. 3, 2007;—Am. 2011, Act 279, Imd. Eff. Dec. 20, 2011.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

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432.13 Reports; monthly and annual; contents.

Sec. 13. The commissioner shall make a monthly report to the governor, the state treasurer and the legislature. The monthly report shall include the total lottery revenues, prize disbursements and other expenses for the preceding month. The commissioner shall make an annual report to the governor, the state treasurer and the legislature. The annual report shall include a full and complete statement of lottery revenues, prize disbursements and other expenses and recommendations for changes in this act as the commissioner deems necessary or desirable.

History: 1972, Act 239, Imd. Eff. Aug. 1, 1972.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

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432.15 Reports, studies, investigations, and recommendations.

Sec. 15. (1) The commissioner shall report immediately to the governor, the state treasurer and the legislature any matters that require immediate changes in the laws of this state in order to prevent abuses or evasions of this act or rules promulgated hereunder or to rectify undesirable conditions in connection with the administration or operation of the lottery.

(2) The commissioner shall make a continuous study and investigation of the lottery:

(a) To ascertain any defects in this act or in the rules by reason whereof any abuses in the administration and operation of the lottery or any evasion of this act or the rules may arise or be practiced.

(b) To formulate recommendations for changes in this act and the rules.
(c) To guard against the use of this act and the rules as a cloak for the carrying on of organized gambling and crime.

(d) To insure that this act and the rules are in a form and are administered as to serve the true purposes of this act.

(3) The commissioner shall make a continuous study and investigation of the operation and the administration of similar laws which may be in effect in other states or countries, any literature on the subject which may be published or available, any federal laws which may affect the operation of the lottery, and the reaction of citizens to existing and potential features of the lottery with a view to recommending or effecting changes that will tend to serve the purposes of this act.

History: 1972, Act 239, Imd. Eff. Aug. 1, 1972.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

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432.16 Compulsive gambling; study; toll-free compulsive gaming helpline number.

Sec. 16. (1) The commissioner shall conduct a study of compulsive gambling and the extent to which persons with compulsive gambling disorders participate in gambling activities. The commissioner shall submit a written summary of the findings of the study to the clerk of the house of representatives and the secretary of the senate not later than 1 year after the effective date of this section.

(2) The toll-free compulsive gaming helpline number shall be printed on all lottery tickets, printed advertisements, and promotional materials and posted at each location where lottery tickets are sold.

History: Add. 1996, Act 167, Imd. Eff. Apr. 17, 1996;—Am. 1997, Act 72, Imd. Eff. July 17, 1997.

Popular name: Lottery Act

432.17 Supervision and administration of lottery; licensing of lottery sales agents.

Sec. 17. The commissioner shall:

(a) Supervise and administer the operation of the lottery in accordance with this act and the rules.

(b) License as agents to sell lottery tickets such persons whom he deems will best serve the public convenience and promote the sale of tickets or shares.

History: 1972, Act 239, Imd. Eff. Aug. 1, 1972.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

Popular name: Lottery Act

432.18 Contracts for operation and promotion of lottery; assignment; limitations; contracts for advertising or promotional material relating to club keno game; "NASCAR" defined.

Sec. 18. (1) The commissioner, subject to the applicable laws relating to public contracts, may enter into contracts for the operation of the lottery, or any part of the lottery, and into contracts for the promotion of the lottery. A contract awarded or entered into by the commissioner shall not be assigned by the other contracting party except by specific approval of the commissioner.

(2) The commissioner may contract with 1 or more persons to allow the placement of advertising or promotional material, including, but not limited to, the placement of discount coupons for retail goods and NASCAR logos, images, and drivers' pictures and names, on lottery tickets, shares, and other available media under the control of the bureau. However, except for advertising that promotes responsible consumption of alcoholic beverages, the commissioner shall not allow the placement of advertising for the promotion of the consumption of alcoholic beverages or tobacco products on lottery tickets under the control of the bureau under this subsection.

(3) The commissioner may contract with 1 or more persons to allow the placement of advertising or promotional material on available media related to the bureau's club keno game or to sponsor individual draws in the club keno game. If the commissioner enters into a contract under this subsection, the commissioner shall allow at least 1 minute between games of club keno during which 1 or more advertisements may be exhibited.

(4) A contract entered into under subsection (3) shall provide that any advertisements exhibited between club keno games shall comply with content regulations for televised broadcasts adopted by the federal communications commission, with the exception that the advertising under subsection (3) may include advertisements for alcoholic beverages with only any restrictions imposed by the commissioner, or the administrative commissioners of the liquor control commission acting under the Michigan liquor control code

of 1998, 1998 PA 58, MCL 436.1101 to 436.2303, and rules promulgated under the code.

(5) If a contract under subsection (3) will involve advertisements for alcoholic beverages, 10 days or more before entering into the contract the bureau shall provide the administrative commissioners of the liquor control commission, as described in section 209 of the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.1209, with all available information about the proposed contract, the contracting party, and the proposed advertisements. Within 10 days after the information is provided by the bureau, the administrative commissioners shall advise the bureau of any objections or any proposed conditions to be placed on the contract or advertising. Objections and proposed conditions under this subsection shall relate only to matters under the jurisdiction of the liquor control commission. The commissioner shall comply with all objections and require the contractor to comply with any proposed conditions under this subsection. The failure of the administrative commissioners to respond to information under this subsection constitutes a waiver of any objections or proposed conditions.

(6) In considering a proposed contract and advertising under subsection (5), if the proposed contractor is a licensee under the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.1101 to 436.2303, the administrative commissioners shall, among other relevant factors, consider whether the licensee has a history of violations of the code or rules promulgated under the code.

(7) The commissioner shall solicit bids from responsible persons for advertising or promotional contracts under subsection (3). The commissioner shall select from among the bids received so as to produce the maximum amount of net revenues for this state consonant with the general welfare of the citizens of this state. In deciding whether to enter into a contract under subsection (3), the commissioner shall consider whether the terms of the contract are comparable to the terms of similar advertising or promotional contracts relating to lottery or other gaming in other states.

(8) Money from an advertising contract under subsection (3) shall be deposited in the club keno advertising fund created in section 45.

(9) As used in this section, "NASCAR" means the national association for stock car auto racing, inc.

History: 1972, Act 239, Imd. Eff. Aug. 1, 1972;—Am. 2004, Act 383, Imd. Eff. Oct. 12, 2004;—Am. 2012, Act 293, Imd. Eff. Aug. 1, 2012.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

Popular name: Lottery Act

432.19 Personnel; governmental assistance.

Sec. 19. (1) The commissioner shall employ personnel as necessary to implement this act at least 2 of whom shall not be in the classified service.

(2) The departments, boards, commissions or other governmental subdivisions of this state shall provide assistance to the bureau upon the bureau's request.

History: 1972, Act 239, Imd. Eff. Aug. 1, 1972.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

Popular name: Lottery Act

432.20 Subpoenas.

Sec. 20. The circuit court upon petition of the commissioner after a hearing may issue subpoenas to compel the attendance of witnesses and the production of documents, papers, books, records and other evidence before it in any matter over which it has jurisdiction, control or supervision. If a person subpoenaed to attend in any such proceeding or hearing fails to obey the command of the subpoena without reasonable cause, or if a person in attendance in any such proceeding or hearing refuses, without lawful cause, to be examined or to answer a legal or pertinent question or to exhibit any book, account, record or other document when ordered to do so by the court may be punished as a contempt of the court.

History: 1972, Act 239, Imd. Eff. Aug. 1, 1972.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

Popular name: Lottery Act

432.23 License as lottery sales agent; issuance; consideration of factors; receipt of completed application; issuance of certificate within certain period of time; report; nonassignable and nontransferable; bond; display of license; suspension or revocation; terminal placement; prohibited conduct; definitions.

Sec. 23. (1) The commissioner shall not issue a license to a person to engage in business exclusively as a lottery sales agent. Before issuing a lottery sales license, the commissioner shall consider factors such as the financial responsibility and security of the person and his or her business or activity, the accessibility of his or her place of business or activity to the public, the sufficiency of existing licenses to serve the public convenience, and the volume of expected sales.

(2) The commissioner shall issue an initial or renewal lottery sales license not later than 90 days after the applicant files a completed application. Receipt of the application is considered the date the application is received by any agency or department of this state. If the commissioner determines that the application is incomplete, the commissioner shall notify the applicant in writing, or make information electronically available, within 30 days after receipt of the incomplete application, describing the deficiency and requesting the additional information. The 90-day period is tolled upon notification by the commissioner of a deficiency until the date the requested information is received by the commissioner. The determination of the completeness of an application does not operate as an approval of the application for the license and does not confer eligibility of an applicant determined otherwise ineligible for issuance of a license.

(3) If the commissioner fails to issue or deny a lottery sales license within the time required by this section, the commissioner shall return the license fee and shall reduce the license fee for the applicant's next renewal application, if any, by 15%. The failure to issue a lottery sales license within the time required under this section does not allow the commissioner to otherwise delay the processing of the application, and that application, upon completion, shall be placed in sequence with other completed applications received at that same time. The commissioner shall not discriminate against an applicant in the processing of the application based upon the fact that the license fee was refunded or discounted under this subsection.

(4) The commissioner shall submit a report by December 1 of each year to the standing committees and appropriations subcommittees of the senate and house of representatives concerned with gaming issues. The commissioner shall include all of the following information in the report concerning the preceding fiscal year:

(a) The number of initial and renewal applications the commissioner received and completed within the 90-day time period described in subsection (2).

(b) The number of applications denied.

(c) The number of applicants not issued a license within the 90-day time period and the amount of money returned to licensees and applicants under subsection (3).

(5) Notwithstanding any other provision of law, a person licensed as a lottery sales agent may sell lottery tickets and shares. A person lawfully engaged in nongovernmental business on state property may be licensed as a lottery sales agent.

(6) A lottery sales license is not assignable or transferable.

(7) A licensed agent or his or her employee may sell lottery tickets or shares only on the premises stated in the lottery sales license. A licensed agent who violates this subsection is, at the commissioner's discretion, subject to 1 or more of the following:

(a) Probation for not more than 2 years.

(b) A fine of not more than \$1,000.00.

(c) Removal of his or her lottery terminal.

(8) The commissioner may require a bond from a licensed agent in an amount provided in rules promulgated under this act.

(9) A licensed agent shall display his or her license or a copy of the license conspicuously in accordance with rules promulgated under this act.

(10) The commissioner may suspend or revoke the license of an agent who violates this act or a rule promulgated under this act.

(11) For purposes of terminal placement, the commissioner shall take into account with equal emphasis both of the following:

(a) The total instant game sales for the 3 months immediately preceding a market evaluation.

(b) The need to maximize net lottery revenues from the total number of terminals placed.

(12) A licensed lottery sales agent shall not offer to give or give any money or other thing of value to the holder of a lottery ticket or share for winning the lottery, other than the prize if payment of the prize by the agent is authorized by the commissioner.

(13) As used in this section:

(a) "Completed application" means an application complete on its face and submitted with any applicable licensing fees and any other information, records, approval, security, or similar item required by law or rule from a local unit of government, a federal agency, or a private entity but not from another department or agency of this state.

(b) "Person" means an individual, association, corporation, club, trust, estate, society, company, joint stock

company, receiver, trustee, referee, or other person acting in a fiduciary or representative capacity who is appointed by a court, or any combination of individuals. Person includes a department, commission, agency, or instrumentality of the state, including a county, city, village, or township and an agency or instrumentality of the county, city, village, or township.

History: 1972, Act 239, Imd. Eff. Aug. 1, 1972;—Am. 1996, Act 167, Imd. Eff. Apr. 17, 1996;—Am. 2004, Act 272, Imd. Eff. July 23, 2004;—Am. 2008, Act 142, Imd. Eff. May 28, 2008.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

Popular name: Lottery Act

432.24 Conviction or administrative disqualification of person holding lottery sales license; transactions; actions by commissioner; definitions.

Sec. 24. (1) A person who holds a lottery sales license is subject to licensing action as provided in subsection (2) if the person is convicted or administratively disqualified as the result of a transaction to which all of the following apply:

- (a) The transaction is a transaction for food assistance program benefits.
- (b) The transaction involves an item other than eligible foods.
- (c) The transaction is related to the sale of a lottery ticket under the lottery sales license.

(2) The commissioner shall take the following action under section 23 with respect to the license of a person described in subsection (1):

- (a) For a first offense under this section by the person, suspend the license for at least 30 and up to 60 days.
- (b) For a second offense under this section by the person, suspend the license for at least 61 and up to 120 days.

(c) For a third or subsequent offense under this section by the person, revoke the license.

(3) As used in this section:

(a) "Administratively disqualified" means administratively disqualified from acting as a merchant under the food and nutrition act of 2008, 7 USC 2011 to 2036a, or 7 CFR 278.6 because the person has engaged in trafficking as that term is defined in 7 CFR 271.2. A person is not administratively disqualified until any administrative or judicial review under 7 CFR 279 is complete.

(b) "Convicted" means that the person either was convicted of or pled guilty to a crime under section 300a(1)(c) of the Michigan penal code, 1931 PA 328, MCL 750.300a.

(c) "Eligible foods" means that term as defined in 7 CFR 271.2.

History: Add. 2013, Act 56, Eff. Sept. 10, 2013.

432.25 Single payment or installments; right to prize nonassignable; discharge of liability; payment to person pursuant to judicial order; payment to state pursuant to MCL 432.32; death of prizewinner; findings required for judicial order; rights to lottery prize payments; fee; effect of voluntary assignment on federal income tax treatment of prizewinners; disclosure of personal information.

Sec. 25. (1) The bureau shall give a prizewinner in the Michigan lotto game the option of receiving his or her prize in a single payment or in installments. This option shall be made available to and exercised by the purchaser of a Michigan lotto game ticket at the point of purchase. As used in this subsection, "Michigan lotto game" means a game administered by the bureau in which the matrix is 6 out of 49 numbers drawn.

(2) The right of any person to a prize drawn from the state lottery is not assignable, except as provided in this section. The commissioner shall be discharged of all further liability upon payment of a prize pursuant to this section.

(3) Payment of any prize drawn may be made to a person pursuant to an appropriate judicial order.

(4) Payment of any prize drawn may be made to the state pursuant to section 32.

(5) If a prizewinner dies before collecting the full amount of his or her prize drawn from the state lottery, the bureau shall continue to make the remaining prize payments to the prizewinner's surviving spouse and the prizewinner's living children, in equal proportions, unless otherwise directed by the prizewinner. If there is not a surviving spouse or living children or other designated beneficiaries, the remaining prize payments shall be made to the prizewinner's estate.

(6) Except as provided in subsection (11), payment of any prize drawn may be made to any person pursuant to a voluntary assignment of the right to receive future prize payments, in whole or in part, if the assignment is made to a person or entity designated pursuant to an appropriate judicial order of a court of competent jurisdiction located in either the county in which the assignor resides or the county in which the bureau is located. An order approving the assignment and directing the commissioner to pay the assignee all

or a part of future prize payments is properly issued if the court finds that all of the following circumstances exist:

(a) The assignment is in writing, executed by the assignor in accordance with the laws of this state, and the terms of the assignment are disclosed, including the identity of the assignee, the portion or portions of prize payments to be assigned, and the amounts and dates of any payments that shall be given in exchange for the assignment.

(b) The assignor provides a sworn affidavit to the court attesting that the assignor is of sound mind, is not acting under duress, has been advised regarding the assignment by his or her legal counsel, and understands and agrees that the state and the commissioner will have no further liability or responsibility to make prize payments to the assignor.

(c) The proposed assignment does not include or cover payments or portions of payments that are subject to section 32.

(d) Not less than 5 days after filing a petition for a judicial order that approves a voluntary assignment under this subsection and not less than 10 days before a hearing on the petition, the petitioner shall cause a copy of the petition and notice of hearing on the petition to be served upon the attorney general. The attorney general or his or her assistant shall be permitted to appear and take action that is in the best interests of the bureau and this state.

(7) Soliciting or offering rights to lottery prize payments, either by assignment or through pledge as collateral for a loan, shall not be considered selling or offering for sale lottery tickets or shares under this act.

(8) The commissioner is authorized to establish a reasonable fee to defray the cost of any administrative expenses associated with assignments made pursuant to this section, including the cost of a processing fee that may be imposed by a private annuity provider. The amount of the fee shall reflect the direct and indirect costs associated with processing the assignments.

(9) Except as otherwise provided by state or federal law, the commissioner or an officer or employee of the bureau shall not disclose the name, address, or any other personal information concerning a winner of a prize greater than \$10,000.00 drawn from the state lottery, unless the winner of a prize agrees in writing to allow the disclosure. Subject to subsection (10), the information protected against disclosure under this section is exempt from disclosure under the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

(10) Notwithstanding subsection (9), the commissioner or an officer or employee of the bureau may disclose the name, address, or any other personal information concerning a winner of a prize awarded under a game played pursuant to a joint enterprise to the extent required under the joint enterprise participation agreement executed by the commissioner.

(11) If at any time the federal internal revenue service or a court of competent jurisdiction issues a determination letter, revenue ruling, other public ruling of the internal revenue service, or published decision to any state lottery or state lottery prizewinner declaring that the voluntary assignment of prizes will affect the federal income tax treatment of prizewinners who do not assign their prizes, the commissioner shall immediately file a copy of that letter, ruling, or published decision with the secretary of state and the office of the state court administrator. A court shall not issue a voluntary assignment order under subsection (6) after the date the ruling, letter, or published decision is filed.

History: 1972, Act 239, Imd. Eff. Aug. 1, 1972;—Am. 1987, Act 55, Imd. Eff. June 22, 1987;—Am. 1988, Act 243, Imd. Eff. July 11, 1988;—Am. 1996, Act 95, Eff. Mar. 31, 1997;—Am. 1996, Act 167, Imd. Eff. Apr. 17, 1996;—Am. 1997, Act 199, Imd. Eff. Jan. 2, 1998;—Am. 1998, Act 465, Imd. Eff. Jan. 4, 1999.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

Popular name: Lottery Act

432.27 Price of lottery ticket; sales by person other than licensed agent; lottery ticket as gift; penalty.

Sec. 27. (1) A person shall not sell a ticket or share at a price greater than that fixed by rule of the commissioner. A person other than a licensed lottery sales agent shall not sell lottery tickets or shares. This section shall not be construed to prevent a person from giving lottery tickets or shares to another as a gift.

(2) A person violating this section is guilty of a misdemeanor.

History: 1972, Act 239, Imd. Eff. Aug. 1, 1972.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

Popular name: Lottery Act

432.29 Sale or gift of lottery ticket to minor; penalty.

Sec. 29. A ticket or share shall not be sold to any person under the age of 18. This does not prohibit the purchase of a ticket or share for the purpose of making a gift by a person 18 years of age or older to a person less than age 18. A licensee who knowingly sells or offers to sell a lottery ticket or share to a person under the age of 18 is guilty of a misdemeanor.

History: 1972, Act 239, Imd. Eff. Aug. 1, 1972.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

Popular name: Lottery Act

432.30 Falsely making, altering, forging, uttering, passing, or counterfeiting lottery ticket; violation as felony; penalty.

Sec. 30. (1) A person, with the intent to defraud, shall not falsely make, alter, forge, utter, pass, or counterfeit a state lottery ticket or share.

(2) A person, with the intent to defraud, shall not falsely make, alter, forge, utter, pass, or counterfeit a ticket or share of any joint enterprise entered into by the commissioner.

(3) A person convicted of violating this section is guilty of a felony punishable by imprisonment for not more than 5 years or by a fine of not more than \$1,000.00, or both.

History: 1972, Act 239, Imd. Eff. Aug. 1, 1972;—Am. 1996, Act 95, Eff. Mar. 31, 1998;—Am. 1996, Act 167, Imd. Eff. Apr. 17, 1996.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

Popular name: Lottery Act

432.31 Ineligibility of bureau officers, employees, or relatives thereof.

Sec. 31. A ticket or share shall not be purchased by and a prize shall not be paid to an officer or employee of the bureau or to any spouse, child, brother, sister or parent residing as a member of the same household in the principal place of abode of an officer or employee.

History: 1972, Act 239, Imd. Eff. Aug. 1, 1972.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

Popular name: Lottery Act

432.32 Payment of prize of \$1,000.00 or more; determination by bureau; compilation of persons having current liability to state; application of prize to liability; notice; hearing; application of amount to support arrearage; confidentiality; names provided by office of friend of the court; definitions.

Sec. 32. (1) Before payment of a prize of \$1,000.00 or more, the bureau shall determine both of the following:

(a) Whether department of treasury records show that the lottery winner has a current liability to this state or a support arrearage.

(b) Whether unemployment insurance agency records show that the lottery winner has any current liability for restitution of unemployment benefits, penalty, or interest under section 15 of the Michigan employment security act, 1936 (Ex Sess) PA 1, MCL 421.15.

(c) Whether records of the department of human services show that the lottery winner has any current liability to the department of human services.

(2) The department of treasury shall provide the bureau with a list or computer access to a compilation of persons known to the department to have a current liability to this state, including a delinquent account of money owed to a court that has been assigned to this state for collection, or a support arrearage. The information shall be updated not less than once a month.

(3) If a liability to this state, a support arrearage, an unemployment compensation debt, or a debt to the department of human services is identified under subsection (1), the bureau shall ascertain the amount owed from the department of treasury, the unemployment insurance agency, or the department of human services, as applicable.

(4) After ascertaining the amount owed by the lottery winner under subsection (3), the bureau shall pay the amount determined under subsection (3) to the department of treasury and pay the balance, if any, to the lottery winner. The department of treasury shall apply the amount as determined under subsection (3) as follows:

(a) First to any liability to this state other than an assigned delinquent account of money owed to a court,

an unemployment compensation debt, or a debt to the department of human services.

(b) Next to any support arrearage.

(c) Next to any unemployment compensation debt.

(d) Next to any debt to the department of human services.

(e) Next to any assigned delinquent accounts of money owed to a court.

(5) Except for a payment applied to a liability under subsection (4)(c) or (d), a lottery winner shall be given notice and an opportunity for a hearing before the department of treasury or its designee with respect to the liability to which the prize is to be applied if the liability has not been reduced to judgment or has not been finalized under statutory review provisions of the statute under which the liability arose. The notice shall be given by regular mail. The lottery winner may request a hearing before the department of treasury within 15 days after the date of the notice by making a written request to the state treasurer.

(6) An amount applied to pay a support arrearage shall be paid by the department of treasury to the state disbursement unit for disbursement as provided in section 48 of the support and parenting time enforcement act, 1982 PA 295, MCL 552.648.

(7) In regard to information provided by the department of treasury to the bureau under this section, the bureau is subject to the confidentiality restrictions and penalties provided in section 28(1)(f) and (2) of 1941 PA 122, MCL 205.28. In regard to information provided by the unemployment insurance agency to the bureau under section 15 of the Michigan employment security act, 1936 (Ex Sess) PA 1, MCL 421.15, the bureau is subject to the confidentiality restrictions and penalties provided in sections 11 and 54 of the Michigan employment security act, 1936 (Ex Sess) PA 1, MCL 421.11 and 421.54. In regard to information provided by the department of human services to the bureau, the bureau is subject to the same extent as is the department of human services to restrictions prescribed by federal regulations governing temporary assistance to needy families or other federal programs, by rules of the department of human services, or otherwise, for preventing the disclosure of confidential information to any person not authorized by law to receive the information.

(8) The office of child support shall provide the names of persons who have a current support arrearage to the department of treasury.

(9) As used in this section:

(a) "State disbursement unit" means the entity established by section 6 of the office of child support act, 1971 PA 174, MCL 400.236.

(b) "Support" means that term as defined in section 2a of the friend of the court act, 1982 PA 294, MCL 552.502a.

History: Add. 1987, Act 55, Imd. Eff. June 22, 1987;—Am. 1994, Act 11, Imd. Eff. Feb. 24, 1994;—Am. 1996, Act 13, Eff. June 1, 1996;—Am. 2012, Act 428, Imd. Eff. Dec. 21, 2012;—Am. 2014, Act 388, Eff. Mar. 22, 2015.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

Popular name: Lottery Act

432.32a Notification of name and identification information to department of human services.

Sec. 32a. Within 7 days after paying a prize of \$1,000.00 or more, the bureau shall notify the department of human services of the name of and other available identifying information regarding the winner of the prize and the amount of the prize.

History: Add. 2012, Act 77, Imd. Eff. Apr. 11, 2012.

432.33 Unclaimed prize money; disposition.

Sec. 33. (1) Unclaimed prize money for the prize on a winning ticket or share of the state lottery shall be retained by the commissioner for the person entitled to the prize money for 1 year after the drawing in which the prize was won. If a claim is not made for the prize money within the year, the prize money shall be deposited in the state school aid fund and distributed pursuant to law.

(2) Unclaimed prize money for the prize on a winning ticket or share of any joint enterprise shall be treated in the manner provided for in the joint enterprise participation agreement executed by the commissioner. To the extent that the state of Michigan is entitled to any unclaimed prize money, that money received shall be deposited into the state school aid fund and distributed pursuant to law.

History: 1972, Act 239, Imd. Eff. Aug. 1, 1972;—Am. 1981, Act 40, Imd. Eff. May 13, 1981;—Am. 1996, Act 95, Eff. Mar. 31, 1998;—Am. 1996, Act 167, Imd. Eff. Apr. 17, 1996.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

Popular name: Lottery Act

432.34 Repealed. 1988, Act 516, Eff. Jan. 1, 1988.

Compiler's note: Section 2 of Act 516 of 1988 provides: "Section 34 of the McCauley-Traxler-Law-Bowman-McNeely lottery act, Act No. 239 of the Public Acts of 1972, being section 432.34 of the Michigan Compiled Laws, is repealed effective January 1, 1988."
The repealed section exempted proceeds from prize from taxation.

Popular name: Lottery Act

432.35 Deposit of moneys collected from sale of lottery tickets; report; lawful functions, activities, and services; "financial institution" defined.

Sec. 35. (1) The commissioner shall require that all moneys collected from the sale of lottery tickets be deposited in 1 or more financial institutions to the credit of the state as designated by the state treasurer. Each deposit shall be accompanied by a report of the agent's receipts and transactions in the sale of lottery tickets and containing such information as the commissioner may require.

(2) The commissioner may make arrangements for a financial institution to perform functions, activities, or services in connection with the operation of the lottery as he or she considers advisable under this act and the functions, activities, or services shall constitute lawful functions, activities and services of the financial institution.

(3) As used in this section, "financial institution" means a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this state under the laws of this state or the United States.

History: 1972, Act 239, Imd. Eff. Aug. 1, 1972;—Am. 1997, Act 40, Imd. Eff. June 30, 1997.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

Popular name: Lottery Act

432.37 Other penalties or disabilities inapplicable.

Sec. 37. Any other law providing any penalty or disability for the sale of lottery tickets or any acts done in connection with a lottery shall not apply to the sale of tickets or shares performed pursuant to this act.

History: 1972, Act 239, Imd. Eff. Aug. 1, 1972.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

Popular name: Lottery Act

432.39 Payment of prize to minor; discharge of liability.

Sec. 39. If the person entitled to a prize or any winning ticket is under the age of 18 years, and the prize is more than \$1,000.00, the commissioner shall direct payment of the prize by transfer to the guardian of the minor of a check or draft payable to the order of the guardian. If less than \$1,000.00, the commissioner may direct payment of the prize to the adult member of the minor's family who is legally responsible for the care and custody of the minor. The commissioner shall be discharged of all further liability upon payment of a prize to a minor pursuant to this section.

History: 1972, Act 239, Imd. Eff. Aug. 1, 1972.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

Popular name: Lottery Act

432.41 State lottery fund; creation; payment of prizes; prize structure; investment authority of state treasurer; review of status of installment prize investments; reserves; disposition of earnings.

Sec. 41. (1) The state lottery fund is created in the department of treasury. Except as provided in subsection (3), the state lottery fund consists of all money received from the sale of state lottery tickets or shares and all other money credited or transferred to the fund from any other fund or source pursuant to law including interest earnings on common cash attributable to the state lottery fund. Money derived from the sale of tickets or shares of any joint enterprise shall be treated in the manner provided for in the joint enterprise participation agreement executed by the commissioner. The commissioner shall deposit net revenue from any joint enterprise in the state lottery fund. Earnings resulting from installment payment of any lottery prizes shall be used for payment of prizes to lottery winners and the prize structure formulated pursuant to sections 11 and 12 shall be established accordingly.

(2) The investment authority of the state treasurer with regard to the state lottery fund is the same as his or

her investment authority with regard to retirement system funds. The state treasurer may also invest all or part of the money in the state lottery fund in obligations issued by this state pursuant to section 14, 15, or 16 of article IX of the state constitution of 1963 if the treasurer determines that the obligations are full faith and credit obligations of this state and provide a rate of return at the time of investment that is not less than the rate of return at the time of investment on United States treasury obligations of comparable maturity. The state treasurer shall comply with the divestment from terror act, 2008 PA 234, MCL 129.291 to 129.301, in making investments under this act. To assure a continuing availability of money with which to pay state lottery prize installments and to compensate for variations in the yield on investments, every 6 months the commissioner and the state treasurer shall review the status of the installment prize investments and shall agree on an amount to be restricted out of the total revenues of the state lottery fund as a reserve against a drop in yield. If the commissioner and the state treasurer fail to agree on the amount to be reserved, the matter shall be referred to the state administrative board for a decision on the amount to be reserved.

(3) Except as provided in subsection (4), after the payment of prizes to the holders of winning state lottery tickets or shares or the payment pursuant to section 32 of the liabilities to this state of holders of winning state lottery tickets or shares, and the payment of the reasonable expenses of the bureau in its operation of the lottery, the net revenue in the state lottery fund and any money or interest generated by the state lottery fund and share of common cash shall be deposited in the state school aid fund and shall be distributed as provided by law.

(4) Ten percent of each year's state lottery advertising budget but not more than \$1,000,000.00 shall be deposited in the compulsive gaming prevention fund created in section 3 of the compulsive gaming prevention act, 1997 PA 70, MCL 432.253.

History: 1972, Act 239, Imd. Eff. Aug. 1, 1972;—Am. 1973, Act 68, Imd. Eff. July 23, 1973;—Am. 1981, Act 40, Imd. Eff. May 13, 1981;—Am. 1987, Act 55, Imd. Eff. June 22, 1987;—Am. 1994, Act 123, Imd. Eff. May 16, 1994;—Am. 1996, Act 95, Eff. Mar. 31, 1997;—Am. 1996, Act 167, Imd. Eff. Apr. 17, 1996;—Am. 1997, Act 72, Imd. Eff. July 17, 1997;—Am. 2008, Act 274, Imd. Eff. Sept. 29, 2008;—Am. 2009, Act 25, Imd. Eff. May 12, 2009.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

Popular name: Lottery Act

432.43 Appropriation of money in state lottery fund.

Sec. 43. Subject to section 41(1), the money in the state lottery fund is appropriated only for the payment of prizes to the holders of winning state lottery tickets or shares, for the payment pursuant to section 32 of the liabilities to this state of holders of winning state lottery tickets or shares, for reasonable expenses of the bureau in its operation of the state lottery, for deposit in the compulsive gaming prevention fund as provided in section 41(4), and for deposit in the state school aid fund as provided in section 41(3).

History: 1972, Act 239, Imd. Eff. Aug. 1, 1972;—Am. 1981, Act 40, Imd. Eff. May 13, 1981;—Am. 1987, Act 55, Imd. Eff. June 22, 1987;—Am. 1996, Act 95, Eff. Mar. 31, 1998;—Am. 1996, Act 167, Imd. Eff. Apr. 17, 1996;—Am. 1997, Act 72, Imd. Eff. July 17, 1997.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

Popular name: Lottery Act

432.45 Club keno advertising fund; creation; receipt of money or other assets; money remaining in fund at close of fiscal year; bureau as administrator; distribution and deposit of money.

Sec. 45. (1) The club keno advertising fund is created within the state treasury.

(2) The commissioner may receive money or other assets from any source for deposit into the club keno advertising fund. The state treasurer shall direct the investment of the club keno advertising fund. The state treasurer shall credit to the club keno advertising fund interest and earnings from fund investments.

(3) Money in the club keno advertising fund at the close of the fiscal year shall remain in the club keno advertising fund and shall not lapse to the general fund.

(4) The bureau shall be the administrator of the club keno advertising fund for auditing purposes.

(5) Money in the club keno advertising fund shall be distributed as follows:

(a) If the advertising conducted under section 18(3) involves advertisements for alcoholic beverages, 20% of the first \$400,000.00 deposited into the fund in each state fiscal year or 0.4% of the money deposited into the fund in each state fiscal year, whichever is less, shall be paid to the liquor control commission for reimbursement of the commission's costs related to the advertising.

(b) If subdivision (a) applies, the balance or, if subdivision (a) does not apply, all of the first \$400,000.00

deposited into the fund in each state fiscal year or 2% of the money deposited into the fund in each state fiscal year, whichever is less, shall be used by the bureau for reimbursement of the bureau's costs related to advertising conducted under section 18(3).

(c) The balance of the money deposited into the fund shall be disbursed to the state school aid fund.

History: Add. 2012, Act 293, Imd. Eff. Aug. 1, 2012.

Popular name: Lottery Act

432.47 Biannual and special postaudits; authority of auditor general.

Sec. 47. The auditor general or an independent public accounting firm appointed by the auditor general shall conduct biannual postaudits of all accounts and transactions of the bureau and other special postaudits as the auditor general or legislature deems necessary. The auditor general or his or her agent conducting an audit under this act shall have access and authority to examine all records of the bureau, its distributing agents, and its licensees.

History: 1972, Act 239, Imd. Eff. Aug. 1, 1972;—Am. 1973, Act 68, Imd. Eff. July 23, 1973;—Am. 1992, Act 57, Imd. Eff. May 20, 1992.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

Popular name: Lottery Act

EXECUTIVE REORGANIZATION ORDER
E.R.O. No. 2012-3

432.91 Transfer of powers and duties of lottery commissioner and bureau of state lottery related to licensing and regulation of millionaire parties under bingo act to executive director of Michigan gaming control board.

WHEREAS, Section 1 of Article V of the Michigan Constitution of 1963 vests the executive power of the state of Michigan in the Governor; and

WHEREAS, Section 2 of Article V of the Michigan Constitution of 1963 empowers the Governor to make changes in the organization of the executive branch or in the assignment of functions among its units that the Governor considers necessary for efficient administration; and

WHEREAS, Section 8 of Article V of the Michigan Constitution of 1963 provides that each principal department of state government shall be under the supervision of the Governor, unless otherwise provided in the Constitution; and

WHEREAS, efficient and proper regulation and licensing of charitable millionaire party gaming is of great concern to the people of the state of Michigan; and

WHEREAS, efficient and proper regulation of charitable millionaire party gaming can best be achieved through coordinated management of state policies, regulation, and functions; and

WHEREAS, the consolidation of state government functions related to gaming in this state will eliminate unnecessary duplication and facilitate more efficient coordination of policies, regulation, and functions related to charitable millionaire party gaming;

NOW THEREFORE, I, Richard D. Snyder, Governor of the state of Michigan, by virtue of the power and authority vested in the Governor by the Michigan Constitution of 1963 and Michigan law, order the following:

I. DEFINITIONS

As used in this Order:

A. "Bureau of State Lottery" or "Bureau" means the bureau created under Section 5 of the McCauley-Traxler-Law-Bowman-McNeely Lottery Act, 1972 PA 239, MCL 432.1 *et seq.*

B. "Charitable Gaming" means those activities authorized under the Traxler-McCauley-Law-Bowman Bingo Act (Bingo Act), 1972 PA 382, MCL 432.101 *et seq.*

C. "Commissioner of the Bureau of State Lottery" or "Lottery Commissioner" means the position created under Section 5 of the McCauley-Traxler-Law-Bowman-McNeely Lottery Act, 1972 PA 239, MCL 432.1 *et seq.*

D. "Department of Treasury" means the principal department of state government created under Section 75 of the Executive Organization Act of 1965, 1965 PA 380, MCL 16.175.

E. "Executive Director of the Michigan Gaming Control Board" or "Executive Director" means the position created under Section 4 of the Michigan Gaming Control and Revenue Act, 1997 PA 69, MCL 432.201 *et seq.*

F. "Michigan Gaming Control Board" means the board created under Section 4 of the Michigan Gaming Control and Revenue Act, 1997 PA 69, MCL 432.201 *et seq.*

G. "Millionaire Party" means an event at which wagers are placed upon games of chance customarily associated with a gambling casino through the use of imitation money or chips that have a nominal value equal to or greater than the value of the currency for which they can be exchanged, as defined by MCL 432.103a(8).

II. TRANSFER OF MILLIONAIRE PARTY LICENSING AND REGULATION

A. All of the authority, powers, duties, functions, records, and property of the Lottery Commissioner and Bureau of State Lottery related to the licensing and regulation of millionaire parties under the Bingo Act and its promulgated rules, are transferred to the Executive Director of the Michigan Gaming Control Board.

B. The Executive Director of the Michigan Gaming Control Board shall perform all the functions and exercise the powers of the Lottery Commissioner and Bureau of State Lottery under the Bingo Act and rules relating to millionaire party regulation and licensing, including, but not limited to, possessing the final authority over contested cases and rule promulgation.

C. The Executive Director of the Michigan Gaming Control Board may delegate any power, duty, or function conferred on the Executive Director under this Order, or by other law, and the person to whom the power, duty, or function is delegated may perform the power, duty, or function at the time and to the extent it is delegated by the Executive Director.

D. The Executive Director of the Michigan Gaming Control Board may seek the guidance and opinion of

the Michigan Gaming Control Board regarding matters of licensing or regulation of millionaire parties.

E. With the exception of licensing and regulating millionaire parties, the Lottery Commissioner and Bureau of State Lottery shall retain all other authority, powers, duties, functions, records, and property related to the licensing and regulation of charitable gaming under the Bingo Act and its promulgated rules.

III. FUNDING FOR MILLIONAIRE PARTY LICENSING AND REGULATION

A. All fees collected by the Executive Director of the Michigan Gaming Control Board in connection with licensing under Section 4a of 1972 PA 382, MCL 432.104a, shall be remitted to the Lottery Commissioner for deposit in the state lottery fund.

B. All necessary expenses incurred by the Executive Director of the Michigan Gaming Control Board, the Lottery Commissioner, and the Bureau of State Lottery in performing the powers, duties, and functions described in Section II of this Order, and in the initiation, implementation, and ongoing operation of any power, duty, or function described in Sections II of this Order, including personnel, equipment, and new technology, shall be financed from the state lottery fund consistent with Section 8 of 1972 PA 382, MCL 432.108.

C. The amount of necessary expenses described in Section III.B. of this Order shall not exceed the amount of revenue received from licensing fees and the sale of charity game tickets in accordance with Section 8 of 1972 PA 382, MCL 432.108.

IV. FACILITATION AND IMPLEMENTATION OF TRANSFER

A. Internal organizational changes shall be made as may be administratively necessary to complete the realignment of responsibilities described in this Order.

B. Departments, agencies, and state officers within the executive branch of state government shall fully and actively cooperate with the Executive Director of the Michigan Gaming Control Board and the Lottery Commissioner in the implementation of this Order.

C. The Executive Director of the Michigan Gaming Control Board may request the assistance of other departments, agencies, and state officers with respect to personnel, budgeting, procurement, telecommunications, information systems, legal services, law enforcement services, licensing and regulation, human resources operations, and other issues related to implementation of this Order, and those departments and agencies shall provide the assistance requested.

D. The Lottery Commissioner shall make personnel from the Bureau of State Lottery who is familiar with the licensing and regulation of millionaire parties available to assist the Executive Director of the Michigan Gaming Control Board during the transition period.

E. The Director of the Department of Treasury shall make personnel from its human resources operations familiar with personnel, employment, payroll, classification, disciplinary, and grievance matters available to assist the Executive Director of the Michigan Gaming Control Board during the transition period.

F. All rules, orders, contracts, and agreements related to the assigned functions that were lawfully adopted prior to the effective date of this Order shall continue to be effective until revised, amended, repealed, expired, or terminated.

G. Any suit, action, or other proceeding lawfully commenced by, against, or before any entity affected by this Order shall not abate by reason of the taking effect of this Order. Any suit, action, or other proceeding may be maintained by, against, or before the appropriate successor of any entity affected by this Order.

H. The invalidity of any portion of this Order shall not affect the validity of the remainder of the Order, which may be given effect without any invalid portion. Any portion of this Order found invalid by a court or other entity with proper jurisdiction shall be severable from the remaining portions of this Order.

In fulfillment of the requirement of Article V, Section 2, of the Constitution of the state of Michigan of 1963, the provisions of this Executive Order shall become effective 60 days after the filing of this order.

History: 2012, E.R.O. No. 2012-3, Eff. June 11, 2012.

Compiler's note: Executive Reorganization Order No. 2012-3 was promulgated April 11, 2012 as Executive Order No. 2012-4, Eff. June 11, 2012.

TRAXLER-MCCAULEY-LAW-BOWMAN BINGO ACT

Act 382 of 1972

AN ACT to license and regulate the conducting of bingo, millionaire parties, and certain other forms of gambling; to provide for the conducting of charity games, raffles, and numeral games; to provide for exemptions from licensing requirements under certain circumstances; to impose certain duties and authority upon certain state departments, agencies, and officers; to provide a tax exemption; and to provide penalties.

History: 1972, Act 382, Eff. Apr. 1, 1973;—Am. 1976, Act 193, Imd. Eff. July 15, 1976;—Am. 1981, Act 229, Imd. Eff. Jan. 12, 1982;—Am. 1999, Act 108, Eff. Mar. 10, 2000.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

For transfer of powers and duties of lottery commissioner and bureau of state lottery related to licensing and regulation of millionaire parties under bingo act to executive director of Michigan gaming control board, see E.R.O. No. 2012-3, compiled at MCL 432.91.

Popular name: Bingo Act

The People of the State of Michigan enact:

432.101 Short title.

Sec. 1. This act shall be known and may be cited as the "Traxler-McCauley-Law-Bowman bingo act".

History: 1972, Act 382, Eff. Apr. 1, 1973.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

For transfer of powers and duties of lottery commissioner and bureau of state lottery related to licensing and regulation of millionaire parties under bingo act to executive director of Michigan gaming control board, see E.R.O. No. 2012-3, compiled at MCL 432.91.

Popular name: Bingo Act

432.102 Definitions; A to C.

Sec. 2. As used in this act:

(a) "Active service" and "active state service" mean those terms as defined in section 105 of the Michigan military act, 1967 PA 150, MCL 32.505.

(b) "Advertising" means all printed matter, handouts, flyers, radio, television, advertising signs, billboards, and other media used to promote an event licensed under this act.

(c) "Bingo" means a game of chance commonly known as bingo in which prizes are awarded on the basis of designated numbers or symbols conforming to numbers or symbols selected at random.

(d) "Bureau" means the bureau of state lottery as created by section 5 of the McCauley-Traxler-Law-Bowman-McNeely lottery act, 1972 PA 239, MCL 432.5.

(e) "Charity game" means the random resale of a series of charity game tickets.

(f) "Charity game ticket" means a ticket commonly referred to as a break-open ticket or pull-tab that is approved and acquired by the bureau and is distributed and sold by the bureau or a licensed supplier to a qualified organization, a portion of which is removed to discover whether the ticket is a winning ticket and whether the purchaser may be awarded a prize.

(g) "Commissioner" means the commissioner of state lottery appointed under section 7 of the McCauley-Traxler-Law-Bowman-McNeely lottery act, 1972 PA 239, MCL 432.7.

(h) "Coverall pattern" means a pattern required to win a bingo game in which all numbers on a bingo card are required to be called.

History: 1972, Act 382, Eff. Apr. 1, 1973;—Am. 1973, Act 34, Imd. Eff. June 21, 1973;—Am. 1976, Act 193, Imd. Eff. July 15, 1976;—Am. 1981, Act 229, Imd. Eff. Jan. 12, 1982;—Am. 1999, Act 108, Eff. Mar. 10, 2000;—Am. 2008, Act 401, Imd. Eff. Jan. 6, 2009.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

For transfer of powers and duties of lottery commissioner and bureau of state lottery related to licensing and regulation of millionaire parties under bingo act to executive director of Michigan gaming control board, see E.R.O. No. 2012-3, compiled at MCL 432.91.

Popular name: Bingo Act

432.103 Definitions; E to V.

Sec. 3. As used in this act:

(a) "Educational organization" means an organization within this state that is organized not for pecuniary profit, whose primary purpose is educational in nature and designed to develop the capabilities of individuals by instruction in any public or private elementary or secondary school that complies with the revised school

code, 1976 PA 451, MCL 380.1 to 380.1852, or any private or public college or university that is organized not for pecuniary profit and that is approved by the state board of education.

(b) "Fraternal organization" means an organization within this state, other than a college fraternity or sorority, that meets all of the following criteria:

(i) Is organized not for pecuniary profit.

(ii) Is a branch, lodge, or chapter of a national or state organization or, only for the purpose of conducting a small raffle or a large raffle under this act, if not a branch, lodge, or chapter of a national or state organization, is exempt from taxation under section 501(c) of the internal revenue code of 1986, 26 USC 501.

(iii) Exists for the common purpose, brotherhood, or other interests of its members.

(c) "Licensee" means a person or qualified organization licensed under this act.

(d) "Member" means an individual who qualified for membership in a qualified organization under its bylaws, articles of incorporation, charter, rules, or other written statement.

(e) "Michigan national guard" and "military" mean those terms as defined in section 105 of the Michigan military act, 1967 PA 150, MCL 32.505.

(f) "Person" means a natural person, firm, association, corporation, or other legal entity.

(g) "Qualified organization" means, subject to subdivision (h), either of the following:

(i) A bona fide religious, educational, service, senior citizens, fraternal, or veterans' organization that operates without profit to its members and that either has been in existence continuously as an organization for a period of 5 years or is exempt from taxation under section 501(c) of the internal revenue code of 1986, 26 USC 501.

(ii) Only for the purpose of conducting a small raffle or a large raffle under this act, a component of the military or the Michigan national guard whose members are in active service or active state service.

(h) "Qualified organization" does not include a candidate committee, political committee, political party committee, ballot question committee, independent committee, or any other committee as defined by, and organized under, the Michigan campaign finance act, 1976 PA 388, MCL 169.201 to 169.282.

(i) "Religious organization" means any of the following:

(i) An organization, church, body of communicants, or group that is organized not for pecuniary profit and that gathers in common membership for mutual support and edification in piety, worship, and religious observances.

(ii) A society of individuals that is organized not for pecuniary profit and that unites for religious purposes at a definite place.

(iii) A church related private school that is organized not for pecuniary profit.

(j) "Senior citizens organization" means an organization within this state that is organized not for pecuniary profit, that consists of at least 15 members who are 60 years of age or older, and that exists for their mutual support and for the advancement of the causes of elderly or retired persons.

(k) "Service organization" means either of the following:

(i) A branch, lodge, or chapter of a national or state organization that is organized not for pecuniary profit and that is authorized by its written constitution, charter, articles of incorporation, or bylaws to engage in a fraternal, civic, or service purpose within the state.

(ii) A local civic organization that is organized not for pecuniary profit; that is not affiliated with a state or national organization; that is recognized by resolution adopted by the local governmental subdivision in which the organization conducts its principal activities; whose constitution, charter, articles of incorporation, or bylaws contain a provision for the perpetuation of the organization as a nonprofit organization; whose entire assets are used for charitable purposes; and whose constitution, charter, articles of incorporation, or bylaws contain a provision that all assets, real property, and personal property shall revert to the benefit of the local governmental subdivision that granted the resolution upon dissolution of the organization.

(l) "Veterans' organization" means an organization within this state, or a branch, lodge, or chapter within this state of a state organization or of a national organization chartered by the congress of the United States, that is organized not for pecuniary profit, the membership of which consists of individuals who were members of the armed services or armed forces of the United States. Veterans' organization includes an auxiliary of a veterans' organization that is a national organization chartered by the congress of the United States.

History: 1972, Act 382, Eff. Apr. 1, 1973;—Am. 1973, Act 34, Imd. Eff. June 21, 1973;—Am. 1976, Act 22, Imd. Eff. Feb. 27, 1976;—Am. 1981, Act 229, Imd. Eff. Jan. 12, 1982;—Am. 1995, Act 275, Imd. Eff. Jan. 8, 1996;—Am. 2006, Act 427, Imd. Eff. Oct. 5, 2006;—Am. 2008, Act 401, Imd. Eff. Jan. 6, 2009;—Am. 2009, Act 41, Imd. Eff. June 18, 2009;—Am. 2012, Act 189, Imd. Eff. June 20, 2012.

Compiler's note: Act 118 of 1994, which was approved by the governor and filed with the secretary of state on May 12, 1994, provided for the amendment of Secs. 3 and 7a of Act 382 of 1972, known as the Traxler-McCauley-Law-Bowman Bingo Act, such amendments to be effective April 1, 1995. On January 31, 1995, a petition seeking a referendum on Act 118 of 1994 was filed with the

secretary of state. Const 1963, art 2, sec 9, provides that no law as to which the power of referendum properly has been invoked shall be effective thereafter unless approved by a majority of the electors voting thereon at the next general election. A referendum on Act 118 of 1994 was presented to the electors at the November 1996 general election as Proposal A, which read as follows:

"Public Act 118 of 1994 would:

1) Change the definition of a qualified organization which is permitted to sponsor certain forms of gaming, including bingo, millionaire parties, and raffles, so that an organization which is organized under the Michigan Campaign Finance Act, including a candidate committee, political committee, political party committee, ballot question committee, or independent committee, is no longer qualified to receive a license to sponsor such gaming.

2) Permit a change in the single maximum prize or payout for a charity game sold by a licensed religious, educational, service, senior citizens, fraternal or veterans organization.

Should this law be approved?

Yes ☐

No ☐

Act 118 of 1994 was rejected by a majority of the electors voting thereon at the November 1996 general election.

Act 275 of 1995, which was approved by the governor on January 7, 1996, and filed with the secretary of state on January 8, 1996, provided for the amendment of Sec. 3 of Act 382 of 1972, as amended by Act 118 of 1994.

In *Reynolds v Martin*, 240 Mich App 84, 610 NW2d 597 (No. 210973)(2000), the Court of Appeals stated that the primary question raised in this appeal from the Barry County Circuit Court's decision granting declaratory relief to defendants is whether, under the constitutional provisions governing referendums, "the Legislature was without authority to pass 1995 PA 275 and thus reenact the provisions of 1994 PA 118, which was then subject to a referendum effort." The court concluded "that the Legislature had this authority and that, in exercising it, the Legislature did not undermine the referendum authority granted to the people by our constitution."

For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

For transfer of powers and duties of lottery commissioner and bureau of state lottery related to licensing and regulation of millionaire parties under bingo act to executive director of Michigan gaming control board, see E.R.O. No. 2012-3, compiled at MCL 432.91.

Popular name: Bingo Act

432.103a Definitions; E to S.

Sec. 3a. (1) "Equipment" means the objects and mechanical or electromechanical devices used to determine or assist in determining the winners of prizes at events licensed under this act.

(2) "Event" means each occasion of a bingo, millionaire party, raffle, charity game, or numeral game licensed under this act.

(3) "Large bingo" means a series of bingo occasions that occur on a regular basis during which the total value of all prizes awarded through bingo at a single occasion does not exceed \$3,500.00 and the total value of all prizes awarded for 1 game does not exceed \$1,100.00, except that a prize awarded through a Michigan progressive jackpot bingo game is not subject to these limitations.

(4) "Large raffle" means an event where the total value of all prizes awarded through raffle drawings exceed \$500.00 per occasion.

(5) "Location" means a building, enclosure, part of a building or enclosure, or a distinct portion of real estate that is used for the purpose of conducting events licensed under this act. Location also means all components or buildings that comprise 1 architectural entity or that serve a unified functional purpose.

(6) "Manufacturer" means a person licensed under section 11c who manufactures numeral game tickets for sale to suppliers for use in an event.

(7) "Michigan progressive jackpot" means a bingo game conducted in conjunction with a licensed large bingo occasion, where the value of the prize is carried forward to the next bingo occasion if no player bingos in a predetermined number of allowable calls. Michigan progressive jackpot may include bingo games conducted by more than 1 licensee that are linked together for the purpose of a common jackpot prize and consolation prize as prescribed by the commissioner.

(8) "Millionaire party" means an event at which wagers are placed upon games of chance customarily associated with a gambling casino through the use of imitation money or chips that have a nominal value equal to or greater than the value of the currency for which they can be exchanged.

(9) "Numeral game" means the random resale of a series of numeral game tickets by a qualified organization under a numeral game license or in conjunction with a licensed millionaire party or large raffle.

(10) "Numeral game ticket" means a paper strip on which preprinted numerals are covered by folding the strip and banding the folded strip with a separate piece of paper, if upon breaking the paper strip that bands the ticket, the purchaser discovers whether the ticket is a winning ticket and the purchaser may be awarded a merchandise prize.

(11) "Occasion" means the hours of the day for which a license is issued.

(12) "Principal officer" means the highest ranking officer of the qualified organization according to its written constitution, charter, articles of incorporation, or bylaws.

(13) "Prize" means anything of value, including, but not limited to, money or merchandise that is given to a player for attending or winning a game at an event. A nonmonetary item is valued at its retail value. Prize does not include advertising material given away by a qualified organization in accordance with rules

promulgated under this act.

(14) "Single gathering" means 1 scheduled assembly or meeting with a specified beginning and ending time that is conducted or sponsored by the qualified organization. Single gathering does not include the regular operating hours of a club or similar facility and does not include a meeting conducted solely for the purpose of conducting a raffle.

(15) "Small bingo" means a series of bingo occasions that occur on a regular basis during which the total value of all prizes awarded through bingo at a single occasion does not exceed \$300.00 and the total value of all prizes awarded for a single bingo game does not exceed \$25.00.

(16) "Small raffle" means an event during which the total value of all prizes awarded through raffle drawings does not exceed \$500.00 during 1 occasion.

(17) "Special bingo" means a single or consecutive series of bingo occasions during which the total value of all prizes awarded through bingo at a single occasion does not exceed \$3,500.00 and the total value of all prizes awarded for a single bingo game does not exceed \$1,100.00.

(18) "Supplier" means a person licensed under this act to rent, sell, or lease equipment or to sell charity game or numeral game tickets to qualified organizations licensed under this act.

History: Add. 1999, Act 108, Eff. Mar. 10, 2000;—Am. 2006, Act 427, Imd. Eff. Oct. 5, 2006.

Compiler's note: For transfer of powers and duties of lottery commissioner and bureau of state lottery related to licensing and regulation of millionaire parties under bingo act to executive director of Michigan gaming control board, see E.R.O. No. 2012-3, compiled at MCL 432.91.

Popular name: Bingo Act

432.104 Application for bingo, millionaire party, raffle, charity game, or numeral game license; procedure, form, and contents.

Sec. 4. (1) Each applicant for a license to conduct a bingo, millionaire party, raffle, charity game, or numeral game shall submit to the bureau a written application on a form prescribed by the commissioner.

(2) The application shall include all of the following:

(a) The name and address of the applicant organization.

(b) The name and address of each officer of the applicant organization.

(c) The location at which the applicant will conduct the event.

(d) The day or dates of the event.

(e) The member or members of the applicant organization who will be responsible for the conduct of the event.

(f) Sufficient facts relating to the applicant's incorporation or organization to enable the commissioner to determine whether the applicant is a qualified organization.

(g) A sworn statement attesting to the nonprofit status of the applicant organization, signed by the principal officer of that organization.

(h) Other information the commissioner considers necessary.

History: 1972, Act 382, Eff. Apr. 1, 1973;—Am. 1976, Act 193, Imd. Eff. July 15, 1976;—Am. 1977, Act 11, Imd. Eff. Apr. 25, 1977;—Am. 1981, Act 229, Imd. Eff. Jan. 12, 1982;—Am. 1999, Act 108, Eff. Mar. 10, 2000.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

For transfer of powers and duties of lottery commissioner and bureau of state lottery related to licensing and regulation of millionaire parties under bingo act to executive director of Michigan gaming control board, see E.R.O. No. 2012-3, compiled at MCL 432.91.

Popular name: Bingo Act

432.104a Issuance of license.

Sec. 4a. (1) Except as provided in subsections (2) and (3), if the commissioner determines that the applicant is a qualified organization and is not ineligible under section 18 and the applicant has paid to the bureau the appropriate fee, the commissioner may issue 1 or more of the following licenses:

<u>License</u>	<u>Fee</u>
(a) Large bingo.....	\$ 150.00
(b) Small bingo.....	\$ 55.00
(c) Special bingo.....	\$ 25.00
(d) Millionaire party.....	\$ 50.00 per day
(e) Large raffle.....	\$ 50.00 per drawing date
(f) Small raffle:	
(i) One to 3 drawing dates.....	\$ 15.00
(ii) Four or more drawing dates.....	\$ 5.00 per

		drawing date
(g)	Annual charity game.....	\$ 200.00
(h)	Special charity game.....	\$ 15.00 per day
(i)	Numeral game.....	\$ 15.00 per day

(2) Under extreme hardship conditions as determined by the commissioner, the commissioner may waive 1 or more requirements of a qualified organization described in section 3 to permit the licensing of a special bingo, millionaire party, or raffle, if all of the following conditions are met:

(a) The organization applying for the license is a nonprofit organization.

(b) The entire proceeds of the event, less the actual reasonable expense of conducting the event, are donated or used for a charitable purpose, organization, or cause.

(c) None of the individuals connected with the conduct of the event is compensated in any manner for his or her participation.

(d) The organization complies with all other provisions of this act and rules promulgated under this act.

(3) Under extreme hardship conditions as determined by the commissioner, the commissioner may allow an individual or a group of individuals to obtain a license to conduct a special bingo, millionaire party, or raffle if all of the following conditions are met:

(a) The entire proceeds of the event, less the actual reasonable expense of conducting the event, are donated or used for a charitable purpose, organization, or cause.

(b) None of the individuals connected with the conduct of the event is compensated in any manner for his or her participation.

(c) The individual or group of individuals complies with all other provisions of this act and the rules promulgated under this act.

(4) Each event license issued to a qualified organization is valid for only the location included on the license.

(5) A license is not assignable or transferable.

(6) The licensee is responsible for ensuring that the events are conducted in compliance with this act and rules.

(7) A licensee shall only conduct events licensed under this act during the hours and on the day and date or dates stated on the license.

(8) In connection with an application for a small raffle license or a large raffle license, in determining whether a fraternal organization that is not a branch, lodge, or chapter of a national or state organization is a qualified organization, the commissioner shall only consider whether the organization meets requirements that are applicable under this act that are unrelated to whether the organization is a branch, lodge, or chapter of a national or state organization.

History: Add. 1999, Act 108, Eff. Mar. 10, 2000;—Am. 2012, Act 189, Imd. Eff. June 20, 2012.

Compiler's note: For transfer of powers and duties of lottery commissioner and bureau of state lottery related to licensing and regulation of millionaire parties under bingo act to executive director of Michigan gaming control board, see E.R.O. No. 2012-3, compiled at MCL 432.91.

Popular name: Bingo Act

432.105 Large or small bingo license; reissuance; expiration; limitations.

Sec. 5. (1) A large or small bingo license may be reissued annually upon the submitting of an application for renewal provided by the commissioner and upon the licensee's payment of the appropriate fee. A small or large bingo license expires at 12 midnight on the last day of February.

(2) A qualified organization may hold more than 1 bingo license.

(3) A small or large bingo license shall be valid for not more than 1 day per week.

(4) Not more than 14 bingo licenses shall be issued for a 7-day period at any 1 location.

(5) A special bingo license may be issued for up to 7 consecutive days.

(6) A qualified organization may be issued up to 4 special bingo licenses per calendar year.

History: 1972, Act 382, Eff. Apr. 1, 1973;—Am. 1973, Act 34, Imd. Eff. June 21, 1973;—Am. 1976, Act 193, Imd. Eff. July 15, 1976;—Am. 1977, Act 11, Imd. Eff. Apr. 25, 1977;—Am. 1980, Act 14, Imd. Eff. Feb. 14, 1980;—Am. 1981, Act 229, Imd. Eff. Jan. 12, 1982;—Am. 1999, Act 108, Eff. Mar. 10, 2000;—Am. 2006, Act 427, Imd. Eff. Oct. 5, 2006.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

For transfer of powers and duties of lottery commissioner and bureau of state lottery related to licensing and regulation of millionaire parties under bingo act to executive director of Michigan gaming control board, see E.R.O. No. 2012-3, compiled at MCL 432.91.

Popular name: Bingo Act

432.105a Recreational bingo; conditions.

Sec. 5a. Recreational bingo may be conducted by a senior citizens club, group, or home consisting of members who are 60 years of age or older without obtaining a license if all of the following conditions are met:

(a) The bingo is conducted solely for the amusement and recreation of the members and guests of the senior citizens club, group, or home and not used for fund-raising.

(b) Only members, guests of members, and employees of the senior citizens club, group, or home may participate in the operation of the bingo.

(c) Players are not charged more than 25 cents for a bingo card, and the aggregate retail value of all prizes and merchandise awarded in a single day does not exceed \$100.00.

(d) All revenue from the bingo is used for prizes and reasonable expenses incurred in operating the bingo, and no person is compensated solely for participating in the conduct of the bingo.

History: Add. 1999, Act 108, Eff. Mar. 10, 2000.

Compiler's note: For transfer of powers and duties of lottery commissioner and bureau of state lottery related to licensing and regulation of millionaire parties under bingo act to executive director of Michigan gaming control board, see E.R.O. No. 2012-3, compiled at MCL 432.91.

Popular name: Bingo Act

432.105b Seating of persons with disabilities; chairperson.

Sec. 5b. (1) All laws applying to the seating of persons with disabilities apply at licensed bingo games.

(2) A person may be chairperson for more than 1 bingo only if the additional bingo licenses, for which the person will act as chairperson, are granted to the same qualified organization.

History: Add. 1999, Act 108, Eff. Mar. 10, 2000.

Compiler's note: For transfer of powers and duties of lottery commissioner and bureau of state lottery related to licensing and regulation of millionaire parties under bingo act to executive director of Michigan gaming control board, see E.R.O. No. 2012-3, compiled at MCL 432.91.

Popular name: Bingo Act

432.105c Michigan progressive jackpot bingo.

Sec. 5c. (1) The value of a prize or consolation prize awarded during a Michigan progressive jackpot bingo game is not subject to the prize limitations of section 3a(3).

(2) The prize awarded to the winner of a Michigan progressive jackpot bingo game may be a predetermined amount that shall not exceed \$500.00 or 50% of the card sales on the first bingo occasion.

(3) If a Michigan progressive jackpot prize is not won in the predetermined number of allowable calls, the game shall be played to its conclusion for a predetermined consolation prize that shall not exceed \$100.00.

(4) If a Michigan progressive jackpot prize is not won in the predetermined number of allowable calls, the entire prize amount shall be carried forward to the next scheduled bingo occasion.

(5) When a Michigan progressive jackpot prize has been carried forward from a previous bingo occasion, the new prize amount shall include the entire amount carried forward, plus 50% of the card sales for the Michigan progressive jackpot bingo game for the current bingo occasion.

(6) No arrangement of numbers other than a coverall pattern shall be required or allowed to win a Michigan progressive jackpot bingo game.

(7) A Michigan progressive jackpot bingo game shall be played only on bingo cards that are approved by the commissioner.

(8) All cards for the Michigan progressive jackpot bingo game shall be sold by the licensee at a uniform price with no discount for the purchase of more than 1 card.

(9) Whenever a Michigan progressive jackpot bingo game is conducted, the licensee shall post a notice and announce the following information:

(a) The maximum number of allowable calls in which the player must complete a coverall pattern in order to win a Michigan progressive jackpot prize on that occasion.

(b) The prize amount offered to the winner of the Michigan progressive jackpot game and the consolation prize for that bingo occasion.

(c) The date the next bingo occasion will occur in that particular progression if the jackpot is not awarded.

(10) A Michigan progressive jackpot bingo game shall be conducted in the following manner:

(a) On the first bingo occasion a player shall not be required to obtain bingo in less than the number of allowable calls as prescribed by the commissioner to win the jackpot prize.

(b) The number of allowable calls required to win the jackpot shall be increased by 1 number on each successive bingo occasion for that licensee in a particular progression.

(c) Once a Michigan progressive jackpot bingo game has been started, the progressive jackpot prize shall

be offered at each successive bingo occasion for that licensee until the jackpot prize has been won.

(d) A Michigan progressive jackpot progression shall only be terminated or interrupted by 1 of the following:

- (i) Determining a winner of the Michigan progressive jackpot prize.
 - (ii) Expiration, suspension, revocation, or surrender of the license to conduct bingo.
 - (iii) A previously announced scheduled interruption, such as a legal holiday or other temporary closing.
 - (iv) A valid emergency condition under which the licensee is unable to conduct the game.
- (11) Only 1 Michigan progressive jackpot bingo game shall be in progress at 1 time per bingo occasion.
- (12) Prizes for a Michigan progressive jackpot bingo game shall be awarded as follows:

(a) The Michigan progressive jackpot prize shall be awarded to the player or players who complete the coverall pattern within the predesignated number of allowable calls.

(b) A consolation prize shall be awarded on each bingo occasion at which a Michigan progressive jackpot game is played, except on the bingo occasion that the jackpot prize is won.

(c) The consolation prize shall be awarded to the player or players who complete a coverall pattern on each bingo occasion, regardless of the number of calls in excess of the predesignated number of allowable calls required to win the Michigan progressive jackpot bingo game.

(13) The jackpot prize shall be awarded by a check written from the licensee's financial account or in the manner prescribed by the commissioner.

(14) Except as otherwise provided in this section, all other provisions of this act or rules promulgated under this act apply to the conduct of a Michigan progressive jackpot game.

(15) If an organization's bingo license will expire or is suspended, revoked, or surrendered before the last bingo occasion of a particular progression, the jackpot prize shall be awarded and the winner determined on the last authorized bingo occasion regardless of the number of calls required to determine the winner.

History: Add. 1999, Act 108, Eff. Mar. 10, 2000;—Am. 2006, Act 427, Imd. Eff. Oct. 5, 2006.

Compiler's note: For transfer of powers and duties of lottery commissioner and bureau of state lottery related to licensing and regulation of millionaire parties under bingo act to executive director of Michigan gaming control board, see E.R.O. No. 2012-3, compiled at MCL 432.91.

Popular name: Bingo Act

432.105d Small and large raffle licenses; issuance.

Sec. 5d. (1) A qualified organization may apply for an unlimited number of small and large raffle licenses.

(2) Only 1 small raffle license may be issued for a location each day.

(3) All drawing locations shall be the same if a small raffle license is issued for more than 1 date.

(4) A qualified organization is excused from the requirements of obtaining a license under this act if the qualified organization is sponsoring a single gathering and conducts a raffle before which there is no presale of tickets and the total aggregate retail value of the prize or prizes to be awarded that day is \$100.00 or less.

History: Add. 1999, Act 108, Eff. Mar. 10, 2000.

Compiler's note: For transfer of powers and duties of lottery commissioner and bureau of state lottery related to licensing and regulation of millionaire parties under bingo act to executive director of Michigan gaming control board, see E.R.O. No. 2012-3, compiled at MCL 432.91.

Popular name: Bingo Act

432.106 Event license; contents; display.

Sec. 6. (1) Each event license shall contain the name of the licensee, the location at which the licensee is permitted to conduct the event, the day or days of the week or the dates on which the licensee is permitted to conduct the event, the time during which the event will be conducted, and the expiration date for a large or small bingo license or an annual charity game license.

(2) The licensee shall display the license conspicuously at the location where the event is being conducted at all times during the conduct of the event.

History: 1972, Act 382, Eff. Apr. 1, 1973;—Am. 1976, Act 193, Imd. Eff. July 15, 1976;—Am. 1999, Act 108, Eff. Mar. 10, 2000.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

For transfer of powers and duties of lottery commissioner and bureau of state lottery related to licensing and regulation of millionaire parties under bingo act to executive director of Michigan gaming control board, see E.R.O. No. 2012-3, compiled at MCL 432.91.

Popular name: Bingo Act

432.107 Repealed. 1999, Act 108, Eff. Mar. 10, 2000.

Compiler's note: The repealed section pertained to special licenses for conducting bingo.

For transfer of powers and duties of lottery commissioner and bureau of state lottery related to licensing and regulation of millionaire

parties under bingo act to executive director of Michigan gaming control board, see E.R.O. No. 2012-3, compiled at MCL 432.91.

Popular name: Bingo Act

432.107a Charity game tickets.

Sec. 7a. (1) All charity game tickets used in the conduct of a charity game shall be purchased by the qualified organization from the bureau or a supplier.

(2) The bureau shall determine the number of charity game tickets that constitute a charity game.

(3) The bureau shall determine the price at which the qualified organization shall resell each charity game ticket and shall have that price printed on each charity game ticket.

(4) The bureau or a supplier shall sell charity game tickets to a qualified organization that is eligible to conduct a charity game at a percentage, to be determined by the bureau, of the gross revenues that are realized by the resale of all the charity game tickets for that game at the price established by the bureau.

(5) The qualified organization shall retain 60% and the bureau shall retain 40% of the money obtained from the sale of charity game tickets.

(6) A qualified organization that conducts a charity game shall be solely responsible for paying prizes won by purchasers of winning charity game tickets.

(7) When all charity game tickets for a single charity game are resold, prizes distributed shall have an aggregate value of, as near as practicable, not less than 60% of the resale value of all the charity game tickets for that charity game.

(8) The bureau shall determine the number of winning charity game tickets provided on a random basis for resale for any 1 charity game and shall establish the value of the prize won by each winning charity game ticket.

(9) A charity game ticket shall not have a price for resale by a qualified organization of less than 30 cents.

(10) The bureau shall have a bureau control number for identification purposes imprinted upon each charity game ticket.

(11) A value of prizes awarded for a charity game shall not be included within the prize limitations of a licensed bingo game or millionaire party in conjunction with which the charity game is held.

(12) A charity game ticket shall not be sold to a person under 18 years of age. This subsection shall not prohibit the purchase of a charity game ticket by a person 18 years of age or older for the purpose of making a gift to a person under 18 years of age, and shall not prohibit a person under 18 years of age from receiving a prize or prizes won in a charity game conducted pursuant to this act.

History: Add. 1981, Act 229, Imd. Eff. Jan. 12, 1982;—Am. 1999, Act 108, Eff. Mar. 10, 2000.

Compiler's note: Act 118 of 1994, which was approved by the governor and filed with the secretary of state on May 12, 1994, provided for the amendment of Secs. 3 and 7a of Act 382 of 1972, known as the Traxler-McCauley-Law-Bowman Bingo Act, such amendments to be effective April 1, 1995. On January 31, 1995, a petition seeking a referendum on Act 118 of 1994 was filed with the secretary of state. Const 1963, art 2, sec 9, provides that no law as to which the power of referendum properly has been invoked shall be effective thereafter unless approved by a majority of the electors voting thereon at the next general election. A referendum on Act 118 of 1994 was presented to the electors at the November 1996 general election as Proposal A, which read as follows:

"Public Act 118 of 1994 would:

1) Change the definition of a qualified organization which is permitted to sponsor certain forms of gaming, including bingo, millionaire parties, and raffles, so that an organization which is organized under the Michigan Campaign Finance Act, including a candidate committee, political committee, political party committee, ballot question committee, or independent committee, is no longer qualified to receive a license to sponsor such gaming.

2) Permit a change in the single maximum prize or payout for a charity game sold by a licensed religious, educational, service, senior citizens, fraternal or veterans organization.

Should this law be approved?

Yes ☐

No ☐

Act 118 of 1994 was rejected by a majority of the electors voting thereon at the November 1996 general election.

For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

For transfer of powers and duties of lottery commissioner and bureau of state lottery related to licensing and regulation of millionaire parties under bingo act to executive director of Michigan gaming control board, see E.R.O. No. 2012-3, compiled at MCL 432.91.

Popular name: Bingo Act

432.107b Charity game license; issuance.

Sec. 7b. (1) The commissioner may issue an annual charity game license to a qualified organization for a location owned and operated by the qualified organization for the regular use of its members, or rented or leased on a continual basis for the regular use of its members.

(2) A qualified organization may be issued only 1 annual charity game license per year.

(3) An annual charity game license shall expire at 12 midnight on July 31 of each year.

(4) An annual charity game license may be reissued annually if the qualified organization submits an

application for renewal provided by the commissioner and pays the appropriate fee.

(5) A qualified organization may be issued up to 8 special charity game licenses per calendar year.

(6) A special charity game license may be issued for up to 4 consecutive days.

(7) A qualified organization that is licensed to conduct bingo, a millionaire party, or large raffle may also sell charity game tickets and conduct a charity game at the same time and location and in conjunction with the licensed bingo, millionaire party, or large raffle without obtaining an additional license.

(8) The commissioner shall promulgate rules for the licensing, selling, and playing of, and financial record keeping for, charity games.

History: Add. 1999, Act 108, Eff. Mar. 10, 2000.

Compiler's note: For transfer of powers and duties of lottery commissioner and bureau of state lottery related to licensing and regulation of millionaire parties under bingo act to executive director of Michigan gaming control board, see E.R.O. No. 2012-3, compiled at MCL 432.91.

Popular name: Bingo Act

432.107c Numeral game license; issuance.

Sec. 7c. (1) A numeral game license may be issued to a qualified organization to conduct a numeral game at a specific location for up to 7 consecutive days.

(2) A qualified organization that is licensed to conduct a millionaire party or a large raffle may also sell numeral game tickets and conduct a numeral game at the time and location and in conjunction with the event without obtaining an additional license.

History: Add. 1999, Act 108, Eff. Mar. 10, 2000.

Compiler's note: For transfer of powers and duties of lottery commissioner and bureau of state lottery related to licensing and regulation of millionaire parties under bingo act to executive director of Michigan gaming control board, see E.R.O. No. 2012-3, compiled at MCL 432.91.

Popular name: Bingo Act

432.107d Numeral game tickets; prizes.

Sec. 7d. (1) All numeral game tickets used in the conduct of a numeral game shall be purchased by the qualified organization from a supplier. The logo or name of the manufacturer and the serial number must be visible before breaking the band on the ticket.

(2) The value of merchandise prizes offered at a numeral game shall be a minimum of 50% of the ideal gross receipts from the game. For the purposes of this subsection, "ideal gross receipts" means the total amount of receipts that would be received if every individual ticket in a series is sold at face value.

(3) Winning numbers for a numeral game shall be determined by use of a series of common ending numbers contained within the pool of numbers making up the numeral game. The winning numbers may not be determined randomly.

(4) The prize list, associated winning numbers, the total number of tickets offered, and rules of play shall be posted before the numeral game is offered for sale or any tickets are opened.

(5) A numeral game ticket shall not be sold to a person under 18 years of age. This subsection shall not prohibit the purchase of a numeral game ticket by a person 18 years of age or older for the purpose of making a gift to a person under 18 years of age, and shall not prohibit a person under 18 years of age from receiving a prize or prizes won in a numeral game conducted under this act.

(6) The licensee shall have available for inspection by an authorized representative of the bureau a copy of the invoice from the supplier showing the manufacturer's name and serial number for each numeral game being conducted at the site where the numeral game is being conducted.

History: Add. 1999, Act 108, Eff. Mar. 10, 2000.

Compiler's note: For transfer of powers and duties of lottery commissioner and bureau of state lottery related to licensing and regulation of millionaire parties under bingo act to executive director of Michigan gaming control board, see E.R.O. No. 2012-3, compiled at MCL 432.91.

Popular name: Bingo Act

432.108 Disposition of fees and revenue; expenses; limitation.

Sec. 8. All fees and revenue collected by the commissioner or bureau under this act shall be paid into the state lottery fund. All necessary expenses incurred by the bureau in the administration and enforcement of any activity authorized by this act and in the initiation, implementation, and ongoing operation of any activity authorized by this act shall be financed from the state lottery fund. The amount of these necessary expenses shall not exceed the amount of revenues received from the sale of charity game tickets and all fees collected under this act. At the end of each fiscal year all money, including interest, in the state lottery fund which is attributable to fees and revenue collected under this act but which has not been expended under this section

shall be deposited in the state general fund.

History: 1972, Act 382, Eff. Apr. 1, 1973;—Am. 1973, Act 34, Imd. Eff. June 21, 1973;—Am. 1981, Act 229, Imd. Eff. Jan. 12, 1982;—Am. 2006, Act 427, Imd. Eff. Oct. 5, 2006.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

For transfer of powers and duties of lottery commissioner and bureau of state lottery related to licensing and regulation of millionaire parties under bingo act to executive director of Michigan gaming control board, see E.R.O. No. 2012-3, compiled at MCL 432.91.

Popular name: Bingo Act

432.109 Use of net proceeds of event; expenses.

Sec. 9. (1) Except as provided in subsection (2), the entire net proceeds of an event shall be devoted exclusively to the lawful purposes of the licensee. A licensee shall not incur or pay an item of expense in connection with the holding, operating, or conducting of an event except the following expenses in reasonable amounts:

(a) The purchase or rental of equipment necessary for conducting an event and payment of services reasonably necessary for the repair of equipment.

(b) Cash prizes or the purchase of prizes of merchandise.

(c) Rental of the location at which the event is conducted.

(d) Janitorial services.

(e) The fee required for issuance or reissuance of a license to conduct the event.

(f) Other reasonable expenses incurred by the licensee, not inconsistent with this act, as permitted by rule of the commissioner.

(2) A qualified organization described in section 3(g)(ii) shall use the entire net proceeds of an event, after paying items of expense incurred in reasonable amounts in connection with the holding, operating, or conducting of the event and listed in subsection (1), only for the expense of training or purchasing goods or services for the support of the activities of the component.

History: 1972, Act 382, Eff. Apr. 1, 1973;—Am. 1976, Act 193, Imd. Eff. July 15, 1976;—Am. 1981, Act 229, Imd. Eff. Jan. 12, 1982;—Am. 1999, Act 108, Eff. Mar. 10, 2000;—Am. 2008, Act 401, Imd. Eff. Jan. 6, 2009.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

For transfer of powers and duties of lottery commissioner and bureau of state lottery related to licensing and regulation of millionaire parties under bingo act to executive director of Michigan gaming control board, see E.R.O. No. 2012-3, compiled at MCL 432.91.

Popular name: Bingo Act

432.110 Management of event; compensation; equipment; advertising.

Sec. 10. (1) Only a member of the qualified organization shall participate in the management of an event.

(2) A person shall not receive any commission, salary, pay, profit, or wage for participating in the management or operation of bingo, a millionaire party, a raffle, or a charity game except as provided by rule promulgated under this act.

(3) Except by special permission of the commissioner, a licensee shall conduct bingo or a millionaire party only with equipment that it owns, uses under a bureau-approved rental contract, or is purchasing or renting at a reasonable rate from a supplier.

(4) A licensee shall not advertise bingo except to the extent and in the manner permitted by rule promulgated under this act. If the commissioner permits a licensee to advertise bingo, the licensee shall indicate in the advertisement the purposes for which the net proceeds will be used by the licensee.

(5) The holder of a millionaire party license shall not advertise the event, except to the extent and in the manner permitted by rule promulgated under this act. If the commissioner permits a licensee to advertise the event, the licensee shall indicate in the advertising the purposes for which the net proceeds will be used by the licensee.

History: 1972, Act 382, Eff. Apr. 1, 1973;—Am. 1973, Act 34, Imd. Eff. June 21, 1973;—Am. 1976, Act 193, Imd. Eff. July 15, 1976;—Am. 1977, Act 11, Imd. Eff. Apr. 25, 1977;—Am. 1980, Act 14, Imd. Eff. Feb. 14, 1980;—Am. 1981, Act 229, Imd. Eff. Jan. 12, 1982;—Am. 1999, Act 108, Eff. Mar. 10, 2000;—Am. 2006, Act 427, Imd. Eff. Oct. 5, 2006.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

For transfer of powers and duties of lottery commissioner and bureau of state lottery related to licensing and regulation of millionaire parties under bingo act to executive director of Michigan gaming control board, see E.R.O. No. 2012-3, compiled at MCL 432.91.

Popular name: Bingo Act

432.110a Conduct of millionaire party.

Sec. 10a. All of the following apply in the conduct of a millionaire party:

(a) A person less than 18 years of age shall not be permitted to wager.

(b) A wager may not be placed on a contest other than a game of chance taking place at the location and during the time period approved for the event, and in no event shall a wager be placed upon an athletic event or upon a game involving personal skill.

(c) The licensee under the millionaire party license shall be responsible for insuring that the requirements of this section are met.

(d) A qualified organization shall not receive more than \$15,000.00 in exchange for imitation money or chips in 1 day of a millionaire party.

History: Add. 1976, Act 193, Imd. Eff. July 15, 1976;—Am. 1977, Act 11, Imd. Eff. Apr. 25, 1977;—Am. 1981, Act 229, Imd. Eff. Jan. 12, 1982;—Am. 1999, Act 108, Eff. Mar. 10, 2000;—Am. 2006, Act 427, Imd. Eff. Oct. 5, 2006.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

For transfer of powers and duties of lottery commissioner and bureau of state lottery related to licensing and regulation of millionaire parties under bingo act to executive director of Michigan gaming control board, see E.R.O. No. 2012-3, compiled at MCL 432.91.

Popular name: Bingo Act

432.110b Millionaire party license; issuance.

Sec. 10b. (1) A qualified organization may be issued up to 4 millionaire party licenses in 1 calendar year. Each license shall only be valid for 1 location.

(2) A millionaire party license may be issued for up to 4 consecutive days.

(3) The bureau shall not issue more than 1 millionaire party license to a qualified organization for any 1 day.

History: Add. 1999, Act 108, Eff. Mar. 10, 2000.

Compiler's note: For transfer of powers and duties of lottery commissioner and bureau of state lottery related to licensing and regulation of millionaire parties under bingo act to executive director of Michigan gaming control board, see E.R.O. No. 2012-3, compiled at MCL 432.91.

Popular name: Bingo Act

432.111 Repealed. 2011, Act 38, Eff. Jan. 1, 2012.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

The repealed section pertained to imposition of tax on prize recipient.

For transfer of powers and duties of lottery commissioner and bureau of state lottery related to licensing and regulation of millionaire parties under bingo act to executive director of Michigan gaming control board, see E.R.O. No. 2012-3, compiled at MCL 432.91.

Popular name: Bingo Act

432.111a Bingo hall license.

Sec. 11a. (1) Each applicant for a license or renewal of a license to operate a bingo hall under this act shall submit a written application to the bureau on a form prescribed by rule promulgated under this act.

(2) If the commissioner determines that an applicant is eligible and the applicant pays an appropriate fee, the bureau may issue a bingo hall license to operate a facility that will be rented to bingo licensees.

(3) A bingo hall license expires at 12 midnight on the last day of February, or if the applicant does not own the facility, on the expiration date of their lease or rental agreement if that date is prior to the last day of February of the current licensing period.

(4) The annual bingo hall licensing fee is \$50.00 multiplied by the number of large or small bingo occasions that will be conducted during the 7-day week.

(5) To increase the number of large or small bingo occasions conducted under a bingo hall licensee's original or renewal application, a hall licensee shall submit a written request on a form provided by the commissioner, plus an additional \$50.00 for each large or small bingo occasion that will be conducted during the 7-day week that is in addition to the number of those occasions calculated under subsection (4).

History: Add. 1999, Act 108, Eff. Mar. 10, 2000.

Compiler's note: For transfer of powers and duties of lottery commissioner and bureau of state lottery related to licensing and regulation of millionaire parties under bingo act to executive director of Michigan gaming control board, see E.R.O. No. 2012-3, compiled at MCL 432.91.

Popular name: Bingo Act

432.111b Supplier of equipment, charity game tickets, or numeral game tickets.

Sec. 11b. (1) Each applicant for a license or renewal of a license to operate as a supplier of equipment, charity game tickets, or numeral game tickets to qualified organizations licensed under this act shall submit a

written application to the bureau on a form prescribed by the commissioner.

(2) The applicant shall pay an annual license fee of \$300.00 at the time of the application.

(3) A supplier's license expires at 12 midnight on September 30 of each year.

(4) The commissioner shall require suppliers authorized to sell charity game tickets, numeral game tickets, or both, to post a performance bond of not less than \$50,000.00 and not greater than \$1,000,000.00.

(5) A supplier shall remit to the bureau an amount equal to the qualified organization's purchase price of the charity game tickets less an amount that shall not be less than the sum of \$.008 for each ticket sold plus 1.0% of the total resale value for all charity game tickets sold.

(6) For each numeral game sold, the supplier shall issue to the licensed organization an invoice listing the manufacturer and serial number of each game.

(7) The fee collected by a supplier from the qualified organization for each game of numeral tickets sold shall be \$5.00 per 1,000 tickets or any portion of 1,000 tickets.

(8) The fees collected by the supplier for each numeral game sold shall be remitted to the bureau by the fifteenth day of the month following the month in which the numeral game is sold. A late fee of 25% of the amount due may be assessed by the commissioner against any supplier who fails to remit the fees by the required filing date.

(9) A supplier shall only display, offer for sale, sell, or otherwise make available to a qualified organization numeral game tickets that have been obtained from a manufacturer.

(10) A person who is directly or indirectly connected to the sale, rental, or distribution of bingo or millionaire party equipment, or the sale of charity game tickets or numeral game tickets, or a person residing in the same household as the supplier shall not be involved directly or indirectly with the rental or leasing of a facility used for an event.

(11) A supplier shall submit to the bureau a report as required by the commissioner regarding the sale or rental of equipment and the sale of charity game tickets and numeral game tickets.

History: Add. 1999, Act 108, Eff. Mar. 10, 2000;—Am. 2006, Act 427, Imd. Eff. Oct. 5, 2006.

Compiler's note: For transfer of powers and duties of lottery commissioner and bureau of state lottery related to licensing and regulation of millionaire parties under bingo act to executive director of Michigan gaming control board, see E.R.O. No. 2012-3, compiled at MCL 432.91.

Popular name: Bingo Act

432.111c License to act as manufacturer.

Sec. 11c. (1) Each applicant for a license or renewal of a license to act as a manufacturer shall submit to the bureau a written application on a form prescribed by the commissioner.

(2) The annual license fee shall be \$300.00.

(3) The license expires at 12 midnight on June 30 of each year.

(4) Only numeral games and numeral game tickets approved by the commissioner may be distributed to suppliers within this state.

(5) All records supporting the sale of numeral game tickets to suppliers shall be available upon request to an authorized representative of the bureau for inspection or audit and shall be kept by the manufacturer for not less than the calendar year in which the sale is made plus 3 additional years.

(6) Each manufacturer shall submit to the bureau a report as required by the commissioner regarding the sale of numeral tickets to suppliers.

History: Add. 1999, Act 108, Eff. Mar. 10, 2000.

Compiler's note: For transfer of powers and duties of lottery commissioner and bureau of state lottery related to licensing and regulation of millionaire parties under bingo act to executive director of Michigan gaming control board, see E.R.O. No. 2012-3, compiled at MCL 432.91.

Popular name: Bingo Act

432.112 Enforcement, supervision, and administration of act; personnel; audit.

Sec. 12. (1) The bureau shall enforce and supervise the administration of this act. The commissioner shall employ personnel as necessary to implement this act.

(2) The bureau may select fraternal organizations that are not a branch, lodge, or chapter of a national or state organization to audit to ensure that the organizations are in compliance with this act.

History: 1972, Act 382, Eff. Apr. 1, 1973;—Am. 1973, Act 34, Imd. Eff. June 21, 1973;—Am. 1976, Act 193, Imd. Eff. July 15, 1976;—Am. 1981, Act 229, Imd. Eff. Jan. 12, 1982;—Am. 1999, Act 108, Eff. Mar. 10, 2000;—Am. 2012, Act 189, Imd. Eff. June 20 2012.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

For transfer of powers and duties of lottery commissioner and bureau of state lottery related to licensing and regulation of millionaire
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parties under bingo act to executive director of Michigan gaming control board, see E.R.O. No. 2012-3, compiled at MCL 432.91.

Popular name: Bingo Act

432.113 Rules.

Sec. 13. The commissioner shall promulgate rules pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, to implement this act.

History: 1972, Act 382, Eff. Apr. 1, 1973;—Am. 1976, Act 193, Imd. Eff. July 15, 1976;—Am. 1981, Act 229, Imd. Eff. Jan. 12, 1982;—Am. 1999, Act 108, Eff. Mar. 10, 2000.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

For transfer of powers and duties of lottery commissioner and bureau of state lottery related to licensing and regulation of millionaire parties under bingo act to executive director of Michigan gaming control board, see E.R.O. No. 2012-3, compiled at MCL 432.91.

Popular name: Bingo Act

Administrative rules: R 432.101 et seq.; R 432.201 et seq.; and R 432.301 et seq. of the Michigan Administrative Code.

432.114 Record of event; inspection of record; financial statement; inspection of licensed event.

Sec. 14. (1) Each licensee shall keep a record of each event as required by the commissioner. The record and all financial accounts into which proceeds from events licensed under this act are deposited or transferred shall be open to inspection by a duly authorized representative of the bureau during reasonable business hours.

(2) Each licensee shall file with the commissioner a financial statement signed by the principal officer of the qualified organization of receipts and expenses related to the conduct of each event as may be required by rule promulgated under this act. If the revenue from a bingo game, millionaire party, raffle, numeral game, or charity game is represented to be used or applied by a licensee for a charitable purpose, the licensee shall file a copy of the financial statement with the attorney general under the supervision of trustees for charitable purposes act, 1961 PA 101, MCL 14.251 to 14.266.

(3) The location at which events licensed under this act are conducted or at which an applicant or licensee intends to conduct an event licensed under this act shall be open to inspection at all times by a duly authorized representative of the bureau or by the state police or a peace officer of a political subdivision of this state.

History: 1972, Act 382, Eff. Apr. 1, 1973;—Am. 1976, Act 193, Imd. Eff. July 15, 1976;—Am. 1981, Act 229, Imd. Eff. Jan. 12, 1982;—Am. 1999, Act 108, Eff. Mar. 10, 2000.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

For transfer of powers and duties of lottery commissioner and bureau of state lottery related to licensing and regulation of millionaire parties under bingo act to executive director of Michigan gaming control board, see E.R.O. No. 2012-3, compiled at MCL 432.91.

Popular name: Bingo Act

432.115 Annual report of commissioner.

Sec. 15. Annually the commissioner shall report to the governor and the legislature about the operation of events licensed under this act within this state, abuses that the bureau may have encountered, and recommendations for changes in this act.

History: 1972, Act 382, Eff. Apr. 1, 1973;—Am. 1976, Act 193, Imd. Eff. July 15, 1976;—Am. 1981, Act 229, Imd. Eff. Jan. 12, 1982;—Am. 1999, Act 108, Eff. Mar. 10, 2000.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

For transfer of powers and duties of lottery commissioner and bureau of state lottery related to licensing and regulation of millionaire parties under bingo act to executive director of Michigan gaming control board, see E.R.O. No. 2012-3, compiled at MCL 432.91.

Popular name: Bingo Act

432.116 Denial, suspension, or revocation of license; procedure; subpoenas; fine.

Sec. 16. (1) The commissioner may deny, suspend, summarily suspend, or revoke any license issued under this act if the licensee or an officer, director, agent, member, or employee of the licensee violates this act or rule promulgated under this act. The commissioner may summarily suspend a license for a period of not more than 60 days pending prosecution, investigation, or public hearing.

(2) A proceeding to suspend or revoke a license shall be considered a contested case and shall be governed by the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

(3) Upon petition of the commissioner, the circuit court after a hearing may issue subpoenas to compel the attendance of witnesses and the production of documents, papers, books, records, and other evidence before it in a matter over which it has jurisdiction, control, or supervision. If a person subpoenaed to attend in any such

proceeding or hearing fails to obey the command of the subpoena without reasonable cause, or if a person in attendance in any such proceeding or hearing refuses, without lawful cause, to be examined or to answer a legal or pertinent question or to exhibit a book, account, record, or other document when ordered to do so by the court, that person may be punished as a contempt of the court.

(4) With approval of the commissioner, a hall licensee, in lieu of a suspension of its license, may elect to pay a fine equal to the amount of rent that would have been paid by the bingo licensees during the period of the suspension. This fine shall be paid to the bureau on or before the date agreed to in the suspension agreement entered into by the bureau and the hall licensee.

History: 1972, Act 382, Eff. Apr. 1, 1973;—Am. 1999, Act 108, Eff. Mar. 10, 2000.

Compiler's note: For provisions of Act 306 of 1969, referred to in subsection (2), see MCL 24.201 et seq.

For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

For transfer of powers and duties of lottery commissioner and bureau of state lottery related to licensing and regulation of millionaire parties under bingo act to executive director of Michigan gaming control board, see E.R.O. No. 2012-3, compiled at MCL 432.91.

Popular name: Bingo Act

432.117 Violations; penalty.

Sec. 17. A person who wilfully violates this act is guilty of a misdemeanor and shall be fined not more than \$1,000.00 or imprisoned not more than 6 months or both.

History: 1972, Act 382, Eff. Apr. 1, 1973.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

For transfer of powers and duties of lottery commissioner and bureau of state lottery related to licensing and regulation of millionaire parties under bingo act to executive director of Michigan gaming control board, see E.R.O. No. 2012-3, compiled at MCL 432.91.

Popular name: Bingo Act

432.118 Period of ineligibility after revocation or forfeiture of license.

Sec. 18. (1) A licensee whose license is revoked in consequence of a violation of this act or a rule promulgated under this act is ineligible to apply for a license for a period of 2 years.

(2) A person convicted of an offense under section 17 or any other gambling offense is ineligible to serve as an officer of a licensee or to participate in conducting bingo, a millionaire party, raffle, numeral game, or charity game for a period of 1 year after the conviction becomes final. If the person is licensed under this act, the person shall forfeit the license and is ineligible to apply for the issuance or reissuance of the license for a period of 1 year after the conviction becomes final.

History: 1972, Act 382, Eff. Apr. 1, 1973;—Am. 1976, Act 193, Imd. Eff. July 15, 1976;—Am. 1981, Act 229, Imd. Eff. Jan. 12, 1982;—Am. 1999, Act 108, Eff. Mar. 10, 2000.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

For transfer of powers and duties of lottery commissioner and bureau of state lottery related to licensing and regulation of millionaire parties under bingo act to executive director of Michigan gaming control board, see E.R.O. No. 2012-3, compiled at MCL 432.91.

Popular name: Bingo Acts

432.119 Other penalties or disabilities inapplicable; applicability of MCL 169.201 to 169.282.

Sec. 19. (1) Except as provided in subsection (2), any other law providing a penalty or disability upon a person who conducts or participates in a bingo game, millionaire party, or charity game; who sells or possesses equipment used in conducting bingo or a millionaire party; who permits bingo, a millionaire party, or a charity game to be conducted on his or her premises; or who does other acts in connection with bingo, a millionaire party, or a charity game does not apply to that conduct if done pursuant to this act or rules promulgated under this act.

(2) Subsection (1) does not limit in any way the application of the Michigan campaign finance act, Act No. 388 of the Public Acts of 1976, being sections 169.201 to 169.282 of the Michigan Compiled Laws, including but not limited to section 41 of Act No. 388 of the Public Acts of 1976, being section 169.241 of the Michigan Compiled Laws, to fundraising events conducted by or for the benefit of a committee that has filed or is required to file a statement of organization pursuant to Act No. 388 of the Public Acts of 1976.

History: 1972, Act 382, Eff. Apr. 1, 1973;—Am. 1976, Act 193, Imd. Eff. July 15, 1976;—Am. 1981, Act 229, Imd. Eff. Jan. 12, 1982;—Am. 1995, Act 263, Eff. Mar. 28, 1996.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

For transfer of powers and duties of lottery commissioner and bureau of state lottery related to licensing and regulation of millionaire parties under bingo act to executive director of Michigan gaming control board, see E.R.O. No. 2012-3, compiled at MCL 432.91.

Popular name: Bingo Act

432.120 Effective date.

Sec. 20. This act shall take effect April 1, 1973, for purposes of administration and licensing but bingo shall not be conducted lawfully pursuant to this act until June 30, 1973.

History: 1972, Act 382, Eff. Apr. 1, 1973;—Am. 1973, Act 34, Imd. Eff. June 21, 1973.

Compiler's note: For transfer of the Bureau of State Lottery from the Department of Management and Budget to be an autonomous entity within the Department of Treasury, see E.R.O. No. 1991-2, compiled at MCL 12.161 of the Michigan Compiled Laws.

For transfer of powers and duties of lottery commissioner and bureau of state lottery related to licensing and regulation of millionaire parties under bingo act to executive director of Michigan gaming control board, see E.R.O. No. 2012-3, compiled at MCL 432.91.

Popular name: Bingo Act

MICHIGAN GAMING CONTROL AND REVENUE ACT

Initiated Law 1 of 1996

AN ACT to provide for the licensing, regulation, and control of casino gaming operations, manufacturers and distributors of gaming devices and gaming related equipment and supplies, and persons who participate in gaming; to provide the distribution of revenue for public education, public safety and economic development; authorizing limited casino operations within the state of Michigan; to vest authority for the licensing, regulation, and control of casino gaming in the Michigan gaming control board; to restrict certain political contributions; to establish a code of ethics for certain persons involved in gaming; to create certain funds; to impose and authorize certain taxes and fees; to impose penalties; to authorize conservators under certain circumstances; and to make an appropriation.

History: 1996, Initiated Law 1, Eff. Dec. 5, 1996;—Am. 1997, Act 69, Imd. Eff. July 17, 1997.

Popular name: Proposal E

The People of the State of Michigan enact:

432.201 Short title.

Section 1. Short Title.

This act shall be known and may be cited as the Michigan Gaming Control and Revenue Act.

History: 1996, Initiated Law 1, Eff. Dec. 5, 1996.

Popular name: Proposal E

432.202 Definitions.

Sec. 2. As used in this act:

- (a) “Adjusted gross receipts” means the gross receipts less winnings paid to wagerers.
- (b) “Affiliate” means a person who, directly or indirectly, through 1 or more intermediaries, controls, is controlled by, or is under common control with; is in a partnership or joint venture relationship with; or is a co-shareholder of a corporation, a co-member of a limited liability company, or co-partner in a limited liability partnership with a person who holds or applies for a casino license under this act.
- (c) “Affiliated company” means any form of business organization which controls, is controlled by or is under common control with; is in a partnership or joint venture relationship with; or is a co-shareholder of a corporation, a co-member of a limited liability company, or co-partner in a limited liability partnership with a person who holds or applies for a casino license under this act.
- (d) “Agent” means any person who is employed by any agency of the state, other than the board, the state police, or attorney general, who is assigned to perform full-time services on behalf of or for the benefit of the board regardless of the title or position held by that person.
- (e) “Applicant” means any person who applies for a license or for registration under this act. The term applicant in sections 4a(1)(a), 5(1), 5(2), 5(3), 5(4), 6(3), 6(4), 6(5), 6(9), 7a(4), 7a(5), and 7a(11) shall include an affiliate, affiliated company, officer, director, or managerial employee of the applicant or a person who holds greater than 1% direct or indirect interest in the applicant. As used in this subdivision, affiliate and affiliated company do not include a partnership, a joint venture relationship, a co-shareholder of a corporation, a co-member of a limited liability company, or a co-partner in a limited liability partnership that has less than 1% direct interest in the applicant and is not involved in the casino or casino enterprise application as defined in rules promulgated by the board.
- (f) “Board” means the Michigan gaming control board.
- (g) “Casino” means a building in which gaming is conducted.
- (h) “Casino enterprise” means the buildings, facilities, or rooms functionally or physically connected to a casino, including but not limited to any bar, restaurant, hotel, cocktail lounge, retail establishment, or arena or any other facility located in a city under the control of a casino licensee or affiliated company.
- (i) “Certified development agreement” means a development agreement that has been certified by a city and submitted to the Michigan gaming control board.
- (j) “Chairperson” means the chairperson of the board.
- (k) “Cheat” means to alter the selection of criteria which determine the result of a gambling game or the amount or frequency of payment in a gambling game, in violation of this act or rules promulgated under this act.
- (l) “City” means a local unit of government other than a county which meets all of the following criteria:
 - (i) Has a population of at least 800,000 at the time a license is issued.
 - (ii) Is located within 100 miles of any other state or country in which gaming was permitted on December

5, 1996.

(iii) Had a majority of voters who expressed approval of casino gaming in the city.

(m) "Company" means a sole proprietorship, corporation, partnership, limited liability partnership, limited liability company, trust, association, joint stock company, joint venture, tribal corporation or other form of business organization.

(n) "Compensation" means any money, thing of value, or financial benefit conferred on or received by a person in return for services rendered, or to be rendered, whether by that person or another.

(o) "Conflict of interest" means a situation in which the private interest of a member, employee or agent of the board may influence the judgment of the member, employee, or agent in the performance of his or her public duty under this act. A conflict of interest includes, but is not limited to, the following:

(i) Any conduct that would lead a reasonable person, knowing all of the circumstances, to conclude that the member, employee, or agent of the board is biased against or in favor of an applicant.

(ii) Acceptance of any form of compensation other than from the board for any services rendered as part of the official duties of the member, employee, or agent for the board.

(iii) Participation in any business being transacted with or before the board in which the member, employee, or agent of the board or his or her parent, spouse, or child has a financial interest.

(iv) Use of the position, title, or any related authority of the member, employee, or agent of the board in a manner designed for personal gain or benefit.

(v) Demonstration, through work or other action in the performance of the official duties of the member, employee, or agent of the board, of any preferential attitude or treatment of any person.

(p) "Control" means having a greater than 15% direct or indirect pecuniary interest in the casino gaming operation with respect to which the license is sought.

(q) "Department" means the department of treasury.

(r) "Development agreement" means a written agreement between a city and a person naming the person as the designated developer of a casino in the city and covering certain subjects including, but not limited to: approval by the city of the location of the casino; certification by the city that the applicant has sufficient financial resources to construct and open the casino which it proposes to develop; zoning and site plan requirements; utility connection fees; infrastructure improvements; requirements to utilize local businesses and small businesses as suppliers; employment issues; compulsive gambling programs; insurance requirements; conceptual design approval; reimbursement for predevelopment and infrastructure costs, traffic engineering, and other transportation costs; plans for completion of destination attractions either within or outside the casino facility and ancillary development rights.

(s) "Disciplinary action" is an action by the board suspending or revoking a license, fining, excluding, reprimanding, or otherwise penalizing a person for violating this act or rules promulgated by the board.

(t) "Ex parte communication" means any communication, direct or indirect, regarding a licensing application, disciplinary action, or a contested case under this act other than communication that takes place during a meeting or hearing conducted under this act.

(u) "Financial interest" or "financially interested" means any interest in investments, awarding of contracts, grants, loans, purchases, leases, sales, or similar matters under consideration or consummated by the board. A member, employee, or agent of the board will be considered to have a financial interest in a matter under consideration if any of the following circumstances exist:

(i) He or she owns 1% or more of any class of outstanding securities that are issued by a party to the matter under consideration or consummated by the board.

(ii) He or she is employed by or is an independent contractor for a party to the matter under consideration or consummated by the board.

(v) "Gambling game" means any game played with cards, dice, equipment or a machine, including any mechanical, electromechanical or electronic device which shall include computers and cashless wagering systems, for money, credit, or any representative of value, including, but not limited to, faro, monte, roulette, keno, bingo, fan tan, twenty one, blackjack, seven and a half, klondike, craps, poker, chuck a luck, Chinese chuck a luck (dai shu), wheel of fortune, chemin de fer, baccarat, pai gow, beat the banker, panguingui, slot machine, any banking or percentage game, or any other game or device approved by the board, but does not include games played with cards in private homes or residences in which no person makes money for operating the game, except as a player.

(w) "Gambling operation" means the conduct of authorized gambling games in a casino.

(x) "Gaming" means to deal, operate, carry on, conduct, maintain or expose or offer for play any gambling game or gambling operation.

(y) "Gross receipts" means the total of all sums including valid or invalid checks, currency, tokens, coupons, vouchers, or instruments of monetary value whether collected or uncollected, received by a casino

licensee from gaming, including all entry fees assessed for tournaments or other contests, less a deduction for uncollectible gaming receivables not to exceed the uncollectible amounts owed as a result of wagers placed at or through a gambling game or 4% of the total gross receipts, whichever is less. The licensee shall not receive the deduction unless the licensee provides written proof to the state treasurer of the uncollected gaming receivables and had complied with all rules promulgated by the board regarding the issuance of credit and the collection of amounts due under a credit extension.

(z) "Institutional investor" means any retirement fund administered by a public agency for the exclusive benefit of federal, state, or local public employees, an employee benefit plan, or pension fund that is subject to the employee retirement income security act of 1974, as amended, an investment company registered under the investment company act of 1940, title I of chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, a collective investment trust organized by a bank under part 9 of the rules of the comptroller of the currency, a closed end investment trust, a chartered or licensed life insurance company or property and casualty insurance company, a chartered or licensed financial institution, an investment advisor registered under the investment advisers act of 1940, title II of chapter 686, 54 Stat. 847, 15 U.S.C. 80b-1 to 80b-21, or any other person as the board may determine for reasons consistent with this act.

(aa) "Investigative hearing" means any hearing conducted by the board or its authorized representative to investigate and gather information or evidence regarding pending license applications, applicants, licensees, or alleged or apparent violations of this act or rules promulgated by the board.

(bb) "Junket enterprise" means any person other than a casino licensee or applicant who employs or otherwise engages in the procurement or referral of persons who may participate in a junket to a casino licensed under this act or casino enterprise whether or not those activities occur within the state.

(cc) "Managerial employee" means a person who by virtue of the level of their remuneration or otherwise holds a management, supervisory, or policy making position with any licensee under this act, vendor, or the board.

(dd) "Member" means a board member appointed to the Michigan gaming control board under this act.

(ee) "Occupational license" means a license issued by the board to a person to perform an occupation in a casino or casino enterprise which the board has identified as requiring a license to engage in casino gaming in Michigan.

(ff) "Person" means an individual, corporation, limited liability company, association, partnership, limited liability partnership, trust, entity, or other legal entity.

(gg) "Supplier" means a person who the board has identified under rules promulgated by the board as requiring a license to provide casino licensees or casino enterprises with goods or services regarding the realty, construction, maintenance, or business of a proposed or existing casino, casino enterprise, or related facility on a regular or continuing basis, including, but not limited to, junket enterprises, security businesses, manufacturers, distributors, persons who service gaming devices or equipment, garbage haulers, maintenance companies, food purveyors, and construction companies.

(hh) "Vendor" means a person who is not licensed under this act who supplies any goods or services to a casino licensee or supplier licensee.

(ii) "Wagerer" means a person who plays a gambling game authorized under this act.

(jj) "Winnings" means the total cash value of all property or sums including currency, tokens, or instruments of monetary value paid to wagerers as a direct result of wagers placed at or through a gambling game.

History: 1996, Initiated Law 1, Eff. Dec. 5, 1996Am. 1997, Act 69, Imd. Eff. July 17, 1997.

Popular name: Proposal E

432.203 Casino gaming authorized.

Sec. 3. (1) Casino gaming is authorized to the extent that it is conducted in accordance with this act.

(2) Except as provided in subsection (5), this act does not apply to any of the following:

(a) The pari-mutuel system of wagering used or intended to be used in connection with race meetings as authorized under the horse racing law of 1995, 1995 PA 279, MCL 431.301 to 431.336.

(b) Lottery games authorized under the McCauley-Traxler-Law-Bowman-McNeely lottery act, 1972 PA 239, MCL 432.1 to 432.47.

(c) Bingo or millionaire parties or any other activities authorized under the Traxler-McCauley-Law-Bowman bingo act, 1972 PA 382, MCL 432.101 to 432.120.

(d) Gambling on Native American land and land held in trust by the United States for a federally recognized Indian tribe on which gaming may be conducted under the Indian gaming regulatory act, Public Law 100-497, 102 Stat. 2467.

(e) Recreational card playing, bowling, redemption games, and occasional promotional activities under

sections 303a, 310a, 310b, 372, and 375 of the Michigan penal code, 1931 PA 328, MCL 750.303a, 750.310a, 750.310b, 750.372, and 750.375.

(3) Any other law that is inconsistent with this act does not apply to casino gaming as provided for by this act.

(4) This act and rules promulgated by the board shall apply to all persons who are licensed or otherwise participate in gaming under this act.

(5) If a federal court or agency rules or federal legislation is enacted that allows a state to regulate gambling on Native American land or land held in trust by the United States for a federally recognized Indian tribe, the legislature shall enact legislation creating a new act consistent with this act to regulate casinos that are operated on Native American land or land held in trust by the United States for a federally recognized Indian tribe. The legislation shall be passed by a simple majority of members elected to and serving in each house.

History: 1996, Initiated Law 1, Eff. Dec. 5, 1996;—Am. 1997, Act 69, Imd. Eff. July 17, 1997.

Popular name: Proposal E

432.204 Michigan gaming control board.

Sec. 4. (1) The Michigan gaming control board is created within the department of treasury. The board shall have the powers and duties specified in this act and all other powers necessary and proper to fully and effectively execute and administer this act for the purpose of licensing, regulating, and enforcing the system of casino gambling established under this act.

(2) The board shall consist of 5 members, not more than 3 of whom shall be members of the same political party, to be appointed by the governor with the advice and consent of the senate, 1 of whom shall be designated by the governor to be chairperson. Each member shall be a resident of this state.

(3) The members shall be appointed for terms of 4 years, except of those who are first appointed, 1 member shall be appointed for a term of 2 years, 2 members shall be appointed for a term of 3 years and 2 members shall be appointed for a term of 4 years. A member's term shall expire on December 31 of the last year of the member's term. In the event of a vacancy on the board, the governor shall appoint in like manner a successor to fill the unexpired term.

(4) Each member of the board shall be reimbursed for all actual and necessary expenses and disbursements incurred in the execution of official duties.

(5) A board member shall not hold any other public office for which he or she shall receive compensation other than necessary travel or other incidental expenses.

(6) A person who is not of good moral character or who has been indicted or charged with, convicted of, pled guilty or nolo contendere to, or forfeited bail concerning a felony or a misdemeanor involving gambling, theft, dishonesty, or fraud under the laws of this state, any other state, or the United States or a local ordinance in any state involving gambling, dishonesty, theft, or fraud that substantially corresponds to a misdemeanor in that state shall not be appointed or remain as a member of the board.

(7) Any member of the board may be removed by the governor for neglect of duty, misfeasance, malfeasance, nonfeasance, or any other just cause.

(8) The governor shall appoint the executive director of the board to serve a 6-year term. After the effective date of the act that added this subsection, the appointment of the executive director shall require the approval of the senate by a record roll call vote. The executive director shall perform any and all duties that the board shall assign him or her. The executive director shall be reimbursed for all actual and necessary expenses incurred by him or her in discharge of his or her official duties. The executive director shall keep records of all proceedings of the board and shall preserve all records, books, documents, and other papers belonging to the board or entrusted to its care. The executive director shall devote his or her full time to the duties of the office and shall not hold any other office or employment. A vacancy in the position of executive director shall be filled as provided in this subsection for a new 6-year term.

(9) The board shall employ personnel as may be necessary to carry out the functions of the board under this act.

(10) A person shall not be appointed to or employed by the board if any of the following circumstances exist:

(a) During the 3 years immediately preceding appointment or employment, the person held any direct or indirect interest in, or any employment by, a person who is licensed to operate a casino under this act or in another jurisdiction, a person who had an application to operate a casino pending before the board or any other jurisdiction, or a casino enterprise. However, the person may be employed by the board if his or her interest in any casino licensee or casino enterprise would not, in the opinion of the board, interfere with the objective discharge of the person's employment obligations. However, a person shall not be employed by the

board if his or her interest in the casino licensee or casino enterprise constitutes a controlling interest in that casino licensee or casino enterprise.

(b) The person or his or her spouse, parent, child, child's spouse, sibling, or spouse of a sibling is a member of the board of directors of or a person financially interested in any person licensed as a casino licensee or casino supplier, any person who has an application for a license pending before the board, or a casino enterprise.

(11) Each member of the board, the executive director, and each key employee as determined by the board shall file with the governor a financial disclosure statement listing all assets and liabilities, property and business interests, and sources of income of the member, executive director, and each key employee and any of their spouses affirming that the member, executive director, and key employee are in compliance with subsection (10)(a) and (b) of this act. The financial disclosure statement shall be under oath and shall be filed at the time of employment and annually thereafter.

(12) Each employee of the board shall file with the board a financial disclosure statement listing all assets and liabilities, property and business interests, and sources of income of the employee and his or her spouse. This subsection does not apply to the executive director or a key employee.

(13) A member of the board, executive director, or key employee shall not hold any direct or indirect interest in, be employed by, or enter into a contract for services with an applicant, a person licensed by or registered with the board, or a casino enterprise for a period of 4 years after the date his or her membership on the board terminates.

(14) An employee of the board shall not acquire any direct or indirect interest in, be employed by, or enter into a contract for services with any applicant, person licensed by the board, or casino enterprise for a period of 2 years after the date his or her employment with the board is terminated.

(15) A board member or a person employed by the board shall not represent any person or party other than the state before or against the board for a period of 2 years after the termination of his or her office or employment with the board.

(16) A business entity in which a former board member or employee or agent has an interest, or any partner, officer, or employee of the business entity shall not make any appearance or representation that is prohibited to that former member, employee, or agent. As used in this subsection, "business entity" means a corporation, limited liability company, partnership, limited liability partnership, association, trust, or other form of legal entity.

(17) The board shall have general responsibility for the implementation of this act. The board's duties include, but are not limited to, all of the following:

(a) Deciding in a reasonable period of time all casino license applications. A casino license applicant shall have the burden to establish by clear and convincing evidence their suitability as to integrity, moral character, and reputation; personal and business probity; financial ability and experience; responsibility; and other criteria considered appropriate by the board. The criteria considered appropriate by the board shall not be arbitrary, capricious, or contradictory to the expressed provisions of this act.

(b) To decide in reasonable order all license applications. Except for casino license applicants granted a hearing under section 6(7), any party aggrieved by an action of the board denying, suspending, revoking, restricting, or refusing to renew a license, or imposing a fine, may request a hearing before the board. A request for a hearing shall be made to the board in writing within 21 days after service of notice of the action of the board. Notice of the action of the board shall be served either by personal delivery or by certified mail, postage prepaid, to the aggrieved party. Notice served by certified mail shall be considered complete on the business day following the date of the mailing.

(c) Conducting its public meetings in compliance with the open meetings act, 1976 PA 267, MCL 15.231 to 15.246.

(d) Promulgating the rules as may be necessary to implement, administer, and enforce this act. All rules promulgated under this act shall not be arbitrary, capricious, or contradictory to the expressed provisions of this act. The rules may include, but need not be limited to, rules that do 1 or more of the following:

(i) Govern, restrict, approve, or regulate the casino gaming authorized in this act.

(ii) Promote the safety, security, and integrity of casino gaming authorized in this act.

(iii) License and regulate persons participating in or involved with casino gaming authorized in this act.

(e) Providing for the establishment and collection of all license and registration fees and taxes imposed by this act and the rules promulgated by the board.

(f) Providing for the levy and collection of penalties and fines for the violation of this act and the rules promulgated by the board.

(g) Being present through its inspectors, agents, auditors and the Michigan state police or attorney general at any time in any casino and related casino enterprise for the purpose of certifying the revenue thereof,

receiving complaints from the public, and conducting other investigations into the conduct of the gambling games and the maintenance of the equipment as from time to time the board may consider necessary and proper to assure compliance with this act and the rules promulgated by the board and to protect and promote the overall safety, security, and integrity of casino gaming authorized in this act.

(h) Reviewing and ruling upon any complaint by a licensee regarding any investigative procedures of the state which are unnecessarily disruptive of gambling operations. The need to inspect and investigate shall be presumed at all times. A licensee shall establish by clear and convincing evidence that its operations were disrupted, the procedures had no reasonable law enforcement or regulatory purposes, and the procedures were so disruptive as to unreasonably inhibit gambling operations.

(i) Holding at least 1 public meeting each quarter of the fiscal year. In addition, special meetings may be called by the chairperson or any 2 board members upon 72 hours' written notice to each member. Three members of the board shall constitute a quorum, except when making determinations on applications for casino licenses when 4 members shall constitute a quorum. Three votes shall be required in support of final determinations of the board on applications for casino licenses. The board shall keep a complete and accurate record of all its meetings and hearings. Upon order of the board, 1 of the board members or a hearing officer designated by the board may conduct any hearing provided for under this act or by the rules promulgated by the board and may recommend findings and decisions to the board. The board member or hearing officer conducting the hearing shall have all powers and rights regarding the conduct of hearings granted to the board under this act. The record made at the time of the hearing shall be reviewed by the board, or a majority of the board, and the findings and decision of the majority of the board shall constitute the order of the board in the case.

(j) Maintaining records which are separate and distinct from the records of any other state board. The records shall be available for public inspection subject to the limitations of this act, and shall accurately reflect all board proceedings.

(k) Reviewing the patterns of wagering and wins and losses by persons in casinos under this act and make recommendations to the governor and the legislature in a written annual report to the governor and the legislature and additional reports as the governor may request. The annual report shall include a statement of receipts and disbursements by the board, actions taken by the board, and any additional information and recommendations that the board considers appropriate or that the governor may request.

History: 1996, Initiated Law 1, Eff. Dec. 5, 1996;—Am. 1997, Act 69, Imd. Eff. July 17, 1997.

Compiler's note: In subsection (6), the phrase “nolo contendere” evidently should be “nolo contendere.”

Popular name: Proposal E

Administrative rules: R 432.1101 et seq. of the Michigan Administrative Code.

432.204a Michigan gaming control board; jurisdiction; powers.

Sec. 4a. (1) The board shall have jurisdiction over and shall supervise all gambling operations governed by this act. The board shall have all powers necessary and proper to fully and effectively execute this act, including, but not limited to, the authority to do all of the following:

(a) Investigate applicants and determine the eligibility of applicants for licenses or registration and to grant licenses to applicants in accordance with this act and the rules promulgated under this act.

(b) Have jurisdiction over and supervise casino gambling operations authorized by this act and all persons in casinos where gambling operations are conducted under this act.

(c) Enter through its investigators, agents, auditors, and the Michigan state police at any time, without a warrant and without notice to the licensee, the premises, offices, casinos, casino enterprises, facilities, or other places of business of a casino licensee or casino supplier licensee, where evidence of the compliance or noncompliance with this act or rules promulgated by the board is likely to be found, for the following purposes:

(i) To inspect and examine all premises wherein casino gaming or the business of gaming or the business of a supplier is conducted, or where any records of the activities are prepared.

(ii) To inspect, examine, audit, impound, seize, or assume physical control of, or summarily remove from the premises all books, ledgers, documents, writings, photocopies, correspondence, records, videotapes, including electronically stored records, money receptacles, other containers and their contents, equipment in which the records are stored, or other gaming related equipment and supplies on or around the premises, including counting rooms.

(iii) To inspect the person, and inspect, examine, and seize personal effects present in a casino facility licensed under this act, of any holder of a license or registration issued pursuant to this act while that person is present in a licensed casino facility.

- (iv) To investigate and deter alleged violations of this act or the rules promulgated by the board.
- (v) This section is not intended to limit warrantless inspections except in accordance with constitutional requirements.
- (d) Investigate alleged violations of this act or rules promulgated by the board and to take appropriate disciplinary action against a licensee or any other person or holder of an occupational license for a violation, or institute appropriate legal action for enforcement, or both.
- (e) Adopt standards for the licensing of all persons under this act, as well as for electronic or mechanical gambling games or gambling games, and to establish fees for the licenses.
- (f) Adopt appropriate standards for all casino gaming facilities and equipment.
- (g) Require that all records of casino and supplier licensees, including financial or other statements, shall be kept on the premises of the casino licensee or supplier licensee in the manner prescribed by the board.
- (h) Require that each casino licensee involved in the ownership or management of gambling operations submit to the board an annual balance sheet, profit and loss statement, and a list of the stockholders or other persons having a 1% or greater beneficial interest in the gambling activities of each licensee in addition to any other information the board considers necessary in order to effectively administer this act and all rules promulgated by the board and orders and final decisions made under this act.
- (i) Conduct investigative and contested case hearings, issue subpoenas for the attendance of witnesses and subpoenas duces tecum for the production of books, ledgers, records, memoranda, electronically retrievable data, and other pertinent documents and to administer oaths and affirmations to the witnesses to exercise and discharge the powers and duties of the board under this act. The executive director or his or her designee is also authorized to issue subpoenas and to administer oaths and affirmations to witnesses.
- (j) Prescribe a form to be used by any licensee involved in the ownership or management of gambling operations as an application for employment for prospective employees.
- (k) Revoke or suspend licenses, impose fines and penalties as the board considers necessary and in compliance with applicable laws of the state regarding administrative procedures, and review and decide applications for the renewal of licenses. The board may suspend a casino license, without notice or hearing upon a determination that the safety or health of patrons or employees is jeopardized by continuing a casino's operation. If the board suspends a license under this subdivision without notice or hearing, a prompt postsuspension hearing shall be held to determine if the suspension should remain in effect. The suspension may remain in effect until the board determines that the cause for suspension has been abated. The board may revoke the casino license upon a determination that the owner has not made satisfactory progress toward abating the hazard.
- (l) In addition to a disassociated person, eject or exclude or authorize the ejection or exclusion of a person from a casino if the person violates this act, rules promulgated by the board, or final orders of the board or when the board determines that the person's conduct or reputation is such that his or her presence within the casino gambling facilities may compromise the honesty and integrity of the gambling operations or interferes with the orderly conduct of the gambling operations. However, the propriety of the ejection or exclusion is subject to a subsequent hearing by the board.
- (m) Suspend, revoke, or restrict licenses and require the removal of a licensee or an employee of a licensee for a violation of this act or a rule promulgated by the board or for engaging in a fraudulent practice, and impose civil penalties of up to \$5,000.00 against individuals and up to \$10,000.00 or an amount equal to the daily gross receipts, whichever is greater, against casino licensees for each violation of this act, any rules promulgated by the board, any order of the board, or for any other action which the board determines is a detriment or impediment to casino gambling operations.
- (n) Disqualify a person under section 7c(5).
- (o) In addition to the authority provided under subdivision (m), revoke or suspend a casino license or impose any other disciplinary action for any of the following reasons:
 - (i) The casino licensee has violated the Michigan liquor control act, 1933 (Ex Sess) PA 8, MCL 436.1 to 436.57a, or rules promulgated under that act.
 - (ii) At any time the licensee no longer meets the eligibility requirements or suitability determination by the board for a casino license under this act.
 - (iii) The failure to revoke or suspend the license would undermine the public's confidence in the Michigan gaming industry.
- (p) Conduct periodic audits of casinos authorized under this act.
- (q) Establish minimum levels of insurance to be maintained by licensees.
- (r) Delegate the execution of any of its powers under this act for the purpose of administering and enforcing this act and the rules promulgated by the board. This subdivision does not apply to the granting of casino licenses under section 6.

(s) Perform a background check, at the vendor's expense, of any vendor using the same standards that the board uses in determining whether to grant a supplier's license.

(t) Review the business practices of a casino licensee including, but not limited to, the price and quality of goods and services offered to patrons and take disciplinary action as the board considers appropriate to prevent practices that undermine the public's confidence in the Michigan gaming industry.

(u) Review a licensee if that licensee is under review or is otherwise subject to discipline by a regulatory body in any other jurisdiction for a violation of a gambling law or regulation in that jurisdiction.

(v) Take any other action as may be reasonable or appropriate to enforce this act and rules promulgated by the board.

(2) The board may seek and shall receive the cooperation and assistance of the department of state police and department of attorney general in conducting background investigations of applicants and in fulfilling its responsibilities under this act.

History: Add. 1997, Act 69, Imd. Eff. July 17, 1997.

Popular name: Proposal E

432.204b Appropriation; reimbursement; credit against annual assessment.

Sec. 4b. (1) There is appropriated for the fiscal year ending September 30, 1997, \$5,000,000.00 for the purpose of funding the operations of the board. The \$5,000,000.00 appropriation shall be reimbursed in equal shares by each of the 3 casino licensees licensed under this act. In no event shall the casino's share exceed 1/3 of the total amount required under this subsection. The amount owing from each licensee shall be paid to the state treasurer and deposited into the state casino gaming fund no later than the first day on which each casino opens for operation.

(2) The amount a casino licensee reimburses the state under this section shall be credited against the annual assessment made under section 12a.

History: Add. 1997, Act 69, Imd. Eff. July 17, 1997.

Popular name: Proposal E

432.204c Disclosure of information.

Sec. 4c. (1) Except as otherwise provided in this section, all information, records, interviews, reports, statements, memoranda, or other data supplied to or used by the board shall be subject to the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246, except for the following:

(a) Unless presented during a public hearing, all the information, records, interviews, reports, statements, memoranda, or other data supplied to, created by, or used by the board related to background investigation of applicants or licensees and to trade secrets, internal controls, and security measures of the licensees or applicants.

(b) All information, records, interviews, reports, statements, memoranda, or other data supplied to or used by the board that have been received from another jurisdiction or local, state, or federal agency under a promise of confidentiality or if the release of the information is otherwise barred by the statutes, rules, or regulations of that jurisdiction or agency or by an intergovernmental agreement.

(c) All information provided in an application for license required under this act.

(2) Notwithstanding subsection (1)(a) or (c), the board shall, upon written request from any person, provide the following information concerning the applicant or licensee, his or her products, services or gambling enterprises, and his or her business holdings if the board has the information in its possession:

(a) The name, business address, and business telephone number.

(b) An identification of any applicant or licensee including, if an applicant or licensee is not an individual, its state of incorporation or registration, its corporate officers, and the identity of its shareholders. If an applicant or licensee has a registration statement or a pending registration statement filed with the securities and exchange commission, only the names of those persons or entities holding interest of 5% or more shall be provided.

(c) An identification of any business, including, if applicable, the state of incorporation or registration, in which an applicant or licensee or an applicant's or licensee's spouse, parent, or child has equity interest of more than 5%.

(d) Whether an applicant or licensee has been indicted, convicted, pleaded guilty or nolo contendere, or forfeited bail concerning any criminal offense under the laws of any jurisdiction, either felony or misdemeanor, not including traffic violations, including the name and location of the court, the date, and disposition of the offense.

(e) Whether an applicant or licensee has had any license or certification issued by a licensing authority in Michigan or any other jurisdiction denied, restricted, suspended, revoked, or not renewed and, if known by

the board, a statement describing the facts and circumstances concerning the denial, restriction, suspension, revocation, or nonrenewal, including the name of the licensing authority, the date each action was taken, and the reason for each action.

(f) Whether an applicant or licensee has ever filed, or had filed against it, a proceeding for bankruptcy or has ever been involved in any formal process to adjust, defer, suspend, or otherwise work out the payment of any debt, including the date of filing, the name and location of the court, the case, and number of the disposition.

(g) Whether an applicant or licensee has filed, or been served with, a complaint or other notice filed with any public body regarding the delinquent payment of any tax required under federal, state, or local law, including the amount of the tax, type of tax, the taxing agency, and time periods involved.

(h) A statement listing the names and titles of all public officials or officers of any city, state, or federal body, agency, or entity and relatives of the officials who, directly or indirectly, own any financial interest in, have any beneficial interest in, are the creditors of, or hold or have any other interest in, or any contractual or service relationship with, an applicant or licensee under this act.

(i) Whether an applicant or licensee or the spouse, parent, child, or spouse of a child of an applicant or licensee has made, directly or indirectly, any political contributions, or any loans, gifts, or other payments to any candidate as defined in section 7b or officeholder elected in this state, within 5 years prior to the date of filing the application, including the amount and the method of payment or to a committee established under the Michigan campaign finance act, 1976 PA 388, MCL 169.201 to 169.282.

(j) The name and business telephone number of any attorney, counsel, lobbyist agent as defined in section 5 of 1978 PA 472, MCL 4.415, or any other person representing an applicant or licensee in matters before the board.

(k) A summary of the applicant's development agreement with the city, including the applicant's proposed location, the square footage of any proposed casino, the type of additional facilities, restaurants, or hotels proposed by the applicant, the expected economic benefit to the city, anticipated or actual number of employees, any statement from the applicant regarding compliance with federal and state affirmative action guidelines, projected or actual admissions, and projected or actual adjusted gross receipts.

(l) A description of the product or service to be supplied by, or occupation to be engaged in by, a licensee.

(3) Except as otherwise provided in this subsection, all information, records, interviews, reports, statements, memoranda, or other data provided in a response to a request for proposals for development agreements issued by the city and all draft development agreements being negotiated by the city shall be exempt from disclosure under the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246, including but not limited to any of the following:

(a) Unless presented during a public hearing, all records, interviews, reports, statements, memoranda, or other information supplied to, created by, or used by the city related to background investigation of applicants for a development agreement and to trade secrets, internal controls, and security measures of the licensees or applicants.

(b) All records, interviews, reports, statements, memoranda, or other information supplied to or used by the city that have been received from another jurisdiction or local, state, or federal agency under a promise of confidentiality or if the release of the information is otherwise barred by the statutes, rules, or regulations of that jurisdiction or agency or by an intergovernmental agreement.

(c) All information provided in a response to a request for proposals for development agreements.

(4) Notwithstanding subsection (3)(a) or (c), the city shall, upon request, disclose the following information concerning the response to a request for proposals for development agreements:

(a) The name, business address, and business telephone number of the person filing the response.

(b) An identification of a person filing a response including, if the person is not an individual, the state of incorporation or registration, the corporate officers, and the identity of all shareholders or participants. If a person filing a response has a registration statement or a pending registration statement filed with the securities and exchange commission, the city shall only provide the names of those persons or entities holding interest of 5% or more.

(c) An identification of any business, including, if applicable, the state of incorporation or registration, in which a person filing a response or his or her spouse, parent, or child has equity interest of more than 5%.

(d) Whether a person filing a response has been indicted, convicted, pleaded guilty or nolo contendere, or forfeited bail concerning any criminal offense under the laws of any jurisdiction, either felony or misdemeanor, not including traffic violations, including the name and location of the court, the date, and disposition of the offense.

(e) Whether a person filing a response has had any license or certification issued by a licensing authority in Michigan or any other jurisdiction denied, restricted, suspended, revoked, or not renewed and, if known by

the city, a statement describing the facts and circumstances concerning the denial, restriction, suspension, revocation, or nonrenewal, including the name of the licensing authority, the date each action was taken, and the reason for each action.

(f) Whether a person filing a response has ever filed, or had filed against it, a proceeding for bankruptcy or has ever been involved in any formal process to adjust, defer, suspend, or otherwise work out the payment of any debt, including the date of filing, the name and location of the court, the case, and number of the disposition.

(g) Whether a person filing a response has filed, or been served with, a complaint or other notice filed with any public body regarding the delinquency in the payment of any tax required under federal, state, or local law, including the amount, type of tax, the taxing agency, and time periods involved.

(h) A statement listing the names and titles of all public officials or officers of any city, state, or federal body, agency, or entity and relatives of the officials who, directly or indirectly, own any financial interest in, have any beneficial interest in, are the creditors of, or hold or have any interest in or have any contractual or service relationship with, a person filing a response.

(i) Whether a person filing a response or the spouse, parent, child, or spouse of a child of a person filing a response has made, directly or indirectly, any political contributions, or any loans, gifts, or other payments to any board member or any candidate as defined in section 7b or officeholder elected in this state or to a committee established under the Michigan campaign finance act, 1976 PA 388, MCL 169.201 to 169.282, within 5 years before the date of filing the application, including the amount and the method of payment.

(j) The name and business telephone number of the counsel representing a person filing a response.

(k) A summary of the development agreement proposal with the city, including the applicant's proposed location, the square footage of any proposed casino, the type of additional facilities, restaurants, or hotels proposed by the person filing a response, the expected economic benefit to the city, anticipated or actual number of employees, any statement from the applicant regarding compliance with federal and state affirmative action guidelines, projected or actual admissions, and projected or actual adjusted gross receipts.

(l) A description of the product or service to be supplied by, or occupation to be engaged in by, a person filing a response.

(5) Notwithstanding the provisions of this section, the board or the city may cooperate with and provide all information, records, interviews, reports, statements, memoranda, or other data supplied to or used by the board to other jurisdictions or law enforcement agencies.

History: Add. 1997, Act 69, Imd. Eff. July 17, 1997.

Popular name: Proposal E

432.204d Member, employee, or agent of board; conduct generally.

Sec. 4d. (1) By January 31 of each year, each member of the board shall prepare and file with the office of the board, a board disclosure form in which the member does all of the following:

(a) Affirms that the member or the member's spouse, parent, child, or child's spouse is not a member of the board of directors of, financially interested in, or employed by a licensee or applicant.

(b) Affirms that the member continues to meet any other criteria for board membership under this act or the rules promulgated by the board.

(c) Discloses any legal or beneficial interests in any real property that is or that may be directly or indirectly involved with gaming or gaming operations authorized by this act.

(d) Discloses any other information as may be required to ensure that the integrity of the board and its work is maintained.

(2) By January 31 of each year, each employee of the board shall prepare and file with the office of the board an employee disclosure form in which the employee does all of the following:

(a) Affirms the absence of financial interests prohibited by this act.

(b) Discloses any legal or beneficial interests in any real property that is or that may be directly or indirectly involved with gaming or gaming operations authorized by this act.

(c) Discloses whether the employee or the employee's spouse, parent, child, or child's spouse is financially interested in or employed by a supplier licensee or an applicant for a supplier's license under this act.

(d) Discloses such other matters as may be required to ensure that the integrity of the board and its work is maintained.

(3) A member, employee, or agent of the board who becomes aware that the member, employee, or agent of the board or his or her spouse, parent, or child is a member of the board of directors of, financially interested in, or employed by a licensee or an applicant shall immediately provide detailed written notice thereof to the chairperson.

(4) A member, employee, or agent of the board who has been indicted, charged with, convicted of, pled

guilty or nolo contendere to, or forfeited bail concerning a misdemeanor involving gambling, dishonesty, theft, or fraud or a local ordinance in any state involving gambling, dishonesty, theft, or fraud that substantially corresponds to a misdemeanor in that state, or a felony under Michigan law, the laws of any other state, or the laws of the United States, or any other jurisdiction shall immediately provide detailed written notice of the conviction or charge to the chairperson.

(5) Any member, employee, or agent of the board who is negotiating for, or acquires by any means, any interest in any person who is a licensee or an applicant, or any person affiliated with such a person, shall immediately provide written notice of the details of the interest to the chairperson. The member, employee, or agent of the board shall not act on behalf of the board with respect to that person.

(6) A member, employee, or agent of the board may not enter into any negotiations for employment with any person or affiliate of any person who is a licensee or an applicant, and shall immediately provide written notice of the details of any such negotiations or discussions to the chairperson. The member, employee, or agent of the board shall not take any action on behalf of the board with respect to that person.

(7) Any member, employee, or agent of the board who receives an invitation, written or oral, to initiate a discussion concerning employment or the possibility of employment with a person or affiliate of a person who is a licensee or an applicant shall immediately report that he or she received the invitation to the chairperson. The member, employee, or agent of the board shall not take action on behalf of the board with respect to the person.

(8) A licensee or applicant shall not knowingly initiate a negotiation for or discussion of employment with a member, employee, or agent of the board. A licensee or applicant who initiates a negotiation or discussion about employment shall immediately provide written notice of the details of the negotiation or discussion to the chairperson as soon as he or she becomes aware that the negotiation or discussion has been initiated with a member, employee, or agent of the board.

(9) A member, employee, or agent of the board, or former member, employee, or agent of the board, shall not disseminate or otherwise disclose any material or information in the possession of the board that the board considers confidential unless specifically authorized to do so by the chairperson or the board.

(10) A member, employee, or agent of the board or a parent, spouse, sibling, spouse of a sibling, child, or spouse of a child of a member, employee, or agent of the board may not accept any gift, gratuity, compensation, travel, lodging, or anything of value, directly or indirectly, from any licensee or any applicant or affiliate or representative of an applicant or licensee, unless the acceptance conforms to a written policy or directive that is issued by the chairperson or the board. Any member, employee, or agent of the board who is offered or receives any gift, gratuity, compensation, travel, lodging, or anything of value, directly or indirectly, from any licensee or any applicant or affiliate or representative of an applicant or licensee shall immediately provide written notification of the details to the chairperson.

(11) A licensee or applicant, or affiliate or representative of an applicant or licensee, may not, directly or indirectly, give or offer to give any gift, gratuity, compensation, travel, lodging, or anything of value to any member, employee, or agent of the board which the member, employee, or agent of the board is prohibited from accepting under subsection (10).

(12) A member, employee, or agent of the board shall not engage in any conduct that constitutes a conflict of interest, and shall immediately advise the chairperson in writing of the details of any incident or circumstances that would present the existence of a conflict of interest with respect to the performance of the board-related work or duty of the member, employee, or agent of the board.

(13) A member, employee, or agent of the board who is approached and offered a bribe in violation of section 118 of the Michigan penal code, 1931 PA 328, MCL 750.118, or this act shall immediately provide written account of the details of the incident to the chairperson and to a law enforcement officer of a law enforcement agency having jurisdiction.

(14) A member, employee, or agent of the board shall disclose his or her past involvement with any casino interest in the past 5 years and shall not engage in political activity or politically related activity during the duration of his or her appointment or employment.

(15) A former member, employee, or agent of the board may appear before the board as a fact witness about matters or actions handled by the member, employee, or agent during his or her tenure as a member, employee, or agent of the board. The member, employee, or agent of the board shall not receive compensation for such an appearance other than a standard witness fee and reimbursement for travel expenses as established by statute or court rule.

(16) A licensee or applicant or any affiliate or representative of an applicant or licensee shall not engage in ex parte communications with a member of the board. A member of the board shall not engage in any ex parte communications with a licensee or an applicant or with any affiliate or representative of an applicant or licensee.

(17) Any board member, licensee, or applicant or affiliate or representative of a board member, licensee, or applicant who receives any ex parte communication in violation of subsection (16), or who is aware of an attempted communication in violation of subsection (16), shall immediately report details of the communication or attempted communication in writing to the chairperson.

(18) Any member of the board who receives an ex parte communication which attempts to influence that member's official action shall disclose the source and content of the communication to the chairperson. The chairperson may investigate or initiate an investigation of the matter with the assistance of the attorney general and state police to determine if the communication violates subsection (16) or subsection (17) or other state law. The disclosure under this section and the investigation shall remain confidential. Following an investigation, the chairperson shall advise the governor or the board, or both, of the results of the investigation and may recommend action as the chairperson considers appropriate.

(19) A new or current employee or agent of the board shall obtain written permission from the executive director before continuing outside employment held at the time the employee begins to work for the board. Permission shall be denied, or permission previously granted will be revoked, if the nature of the work is considered to or does create a possible conflict of interest or otherwise interferes with the duties of the employee or agent for the board.

(20) An employee or agent of the board granted permission for outside employment shall not conduct any business or perform any activities, including solicitation, related to outside employment on premises used by the board or during the employee's working hours for the board.

(21) Whenever the chairperson, as an employee of the board, is required to file disclosure forms or report in writing the details of any incident or circumstance pursuant to this section, he or she shall make such filings or written reports to the board.

(22) The chairperson shall report any action he or she has taken or contemplates taking under this section with respect to an employee or agent or former employee or former agent to the board at the next meeting of the board. The board may direct the executive director to take additional or different action.

(23) Except as follows, no member, employee, or agent of the board may participate in or wager on any gambling game conducted by any licensee or applicant or any affiliate of an applicant or licensee in Michigan or in any other jurisdiction:

(a) A member, employee, or agent of the board may participate in and wager on a gambling game conducted by a licensee under this act, to the extent authorized by the chairperson or board as part of the person's surveillance, security, or other official duties for the board.

(b) A member, employee, or agent of the board shall advise the chairperson at least 24 hours in advance if he or she plans to be present in a casino in this state or in another jurisdiction operated by a licensee or applicant, or affiliate of a licensee or an applicant, outside the scope of his or her official duties for the board.

(24) Violation of this section by a licensee or applicant, or affiliate or representative of a licensee or applicant, may result in denial of the application of licensure or revocation or suspension of license or other disciplinary action by the board.

(25) Violation of this section by a member of the board may result in disqualification or constitute cause for removal under section 4(7) or other disciplinary action as determined by the board.

(26) A violation of this section by an employee or agent of the board will not result in termination of employment if the board determines that the conduct involved does not violate the purpose of this act, or require other disciplinary action, including termination of employment. However, employment will be terminated as follows:

(a) If, after being offered employment or beginning employment with the board, the employee or agent intentionally acquires a financial interest in a licensee or an applicant, or affiliate or representative of a licensee or applicant, employment with the board shall be terminated.

(b) If a financial interest in a licensee or an applicant, or affiliate or representative of a licensee or applicant, is acquired by an employee or agent that has been offered employment with the board, an employee of the board, or the employee's or agent's spouse, parent, or child, through no intentional action of the employee or agent, the individual shall have up to 30 days to divest or terminate the financial interest. Employment may be terminated if the interest has not been divested after 30 days.

(c) Employment shall be terminated if the employee or agent is a spouse, parent, child, or spouse of a child of a board member.

(27) Violation of this section does not create a civil cause of action.

(28) As used in this section:

(a) "Outside employment" includes, but is not limited to, the following:

(i) Operation of a proprietorship.

(ii) Participation in a partnership or group business enterprise.

(iii) Performance as a director or corporate officer of any for-profit corporation or banking or credit institution.

(b) "Political activity" or "politically related activity" includes all of the following:

(i) Using his or her official authority or influence for the purpose of interfering with or affecting the result of an election.

(ii) Knowingly soliciting, accepting, or receiving a political contribution from any person.

(iii) Running for the nomination or as a candidate for election to a partisan political office.

(iv) Knowingly soliciting or discouraging the participation in any political activity of any person who is either of the following:

(A) Applying for any compensation, grant, contract, ruling, license, permit, or certificate pending before the board.

(B) The subject of or a participant in an ongoing audit, investigation, or enforcement action being carried out by the board.

History: Add. 1997, Act 69, Imd. Eff. July 17, 1997.

Compiler's note: In subsection (4), the phrase "nolo contendere" evidently should be "nolo contendere."

Popular name: Proposal E

432.205 Application for casino license.

Sec. 5. (1) A person may apply to the board for a casino license to conduct a casino gambling operation as provided in this act. The application shall be made under oath on forms provided by the board and shall contain information as prescribed by the board, including but not limited to all of the following:

(a) The name, business address, business telephone number, social security number, and, where applicable, the federal tax identification number of any applicant.

(b) The identity of every person having a greater than 1% direct or indirect pecuniary interest in the applicant with respect to which the license is sought. If the disclosed entity is a trust, the application shall disclose the names and addresses of the beneficiaries; if a corporation, the names and addresses of all stockholders and directors; if a partnership, the names and addresses of all partners, both general and limited; if a limited liability company, the names and addresses of all members.

(c) An identification of any business, including, if applicable, the state of incorporation or registration, in which an applicant or an applicant's spouse, parent, or child has an equity interest of more than 5%. If an applicant is a corporation, partnership, or other business entity, the applicant shall identify any other corporation, partnership, or other business entity in which it has an equity interest of 5% or more, including, if applicable, the state of incorporation or registration. An applicant can comply with this subdivision by filing a copy of the applicant's registration with the securities exchange commission if the registration contains the information required by this subdivision.

(d) Whether an applicant has been indicted, charged, arrested, convicted, pleaded guilty or nolo contendere, forfeited bail concerning, or had expunged any criminal offense under the laws of any jurisdiction, either felony or misdemeanor, not including traffic violations, regardless of whether the offense has been expunged, pardoned, or reversed on appeal or otherwise, including the date, the name and location of the court, arresting agency and prosecuting agency, the case caption, the docket number, the offense, the disposition, and the location and length of incarceration.

(e) Whether an applicant has ever applied for or has been granted any license or certificate issued by a licensing authority in Michigan or any other jurisdiction that has been denied, restricted, suspended, revoked, or not renewed and a statement describing the facts and circumstances concerning the application, denial, restriction, suspension, revocation, or nonrenewal, including the licensing authority, the date each action was taken, and the reason for each action.

(f) Whether an applicant has ever filed or had filed against it a civil or administrative action or proceeding in bankruptcy or has ever been involved in any formal process to adjust, defer, suspend, or otherwise work out the payment of any debt including the date of filing, the name and location of the court, the case caption, the docket number, and the disposition.

(g) Whether an applicant has filed, or been served with, a complaint or other notice filed with any public body, regarding the delinquency in the payment of, or a dispute over the filings concerning the payment of, any tax required under federal, state, or local law, including the amount, type of tax, the taxing agency, and time periods involved.

(h) A statement listing the names and titles of all public officials or officers of any unit of government, and the spouses, parents, and children of those public officials or officers who, directly or indirectly, own any financial interest in, have any beneficial interest in, are the creditors of or hold any debt instrument issued by, or hold or have any interest in any contractual or service relationship with, an applicant. As used in this

subdivision, public official or officer does not include a person who would have to be listed solely because of his or her state or federal military service.

(i) Whether an applicant or the spouse, parent, child, or spouse of a child of an applicant has made, directly or indirectly, any political contribution, or any loans, donations, or other payments to any candidate as defined in section 7b or officeholder elected in this state or to a committee established under the Michigan campaign finance act, 1976 PA 388, MCL 169.201 to 169.282, within 5 years from the date of the filing of the application, including the identity of the board member, candidate, or officeholder, the date, the amount, and the method of payment.

(j) The name and business telephone number of any attorney, counsel, lobbyist agent as defined in section 5 of 1978 PA 472, MCL 4.415, or any other person representing an applicant in matters before the board.

(k) A description of any proposed or approved casino gaming operation and related casino enterprises, including the economic benefit to the community, anticipated or actual number of employees, any statement from an applicant regarding compliance with federal and state affirmative action guidelines, projected or actual admissions, projected or actual gross receipts, and scientific market research.

(l) Financial information in the manner and form prescribed by the board.

(2) Information provided on the application shall be used as a basis for a thorough background investigation which the board shall conduct on each applicant. A false or incomplete application is cause for denial of a license by the board.

(3) Applicants shall submit with their application all required development agreements and documents, certifications, resolutions, and letters of support from the governing body that represents the municipality in which the applicant proposes to operate a casino.

(4) Applicants shall consent in writing to being subject to the inspections, searches, and seizures provided for in section 4a(1)(c)(i) to (v) and to disclosure to the board and its agents of otherwise confidential records, including tax records held by any federal, state, or local agency, or credit bureau or financial institution, while applying for or holding a license under this act.

(5) A nonrefundable application fee of \$50,000.00 shall be paid at the time of filing to defray the costs associated with the background investigation conducted by the board. If the costs of the investigation exceed \$50,000.00, the applicant shall pay the additional amount to the board. All information, records, interviews, reports, statements, memoranda, or other data supplied to or used by the board in the course of its review or investigation of an application for a license under this act shall only be disclosed in accordance with this act. The information, records, interviews, reports, statements, memoranda, or other data shall not be admissible as evidence, nor discoverable in any action of any kind in any court or before any tribunal, board, agency, or person, except for any action considered necessary by the board.

History: 1996, Initiated Law 1, Eff. Dec. 5, 1996;—Am. 1997, Act 69, Imd. Eff. July 17, 1997.

Popular name: Proposal E

432.206 Casino licenses.

Sec. 6. (1) The board shall issue a casino license to a person who applies for a license, who pays the nonrefundable application fee required under section 5(5) and a \$25,000.00 license fee for the first year of operation, and who the board determines is eligible and suitable to receive a casino license under this act and the rules promulgated by the board. It is the burden of the applicant to establish by clear and convincing evidence its suitability as to character, reputation, integrity, business probity, experience, and ability, financial ability and responsibility, and other criteria as may be considered appropriate by the board. The criteria considered appropriate by the board shall not be arbitrary, capricious, or contradictory to the expressed provisions of this act. A person is eligible to apply for a casino license if all of the following criteria are met:

(a) The applicant proposes to locate the casino in a city where the local legislative body enacted an ordinance approving casino gaming that may include local ordinances governing casino operations, occupational licensees and suppliers which are consistent with this act and rules promulgated by the board.

(b) The applicant entered into a certified development agreement with the city where the local legislative body enacted an ordinance approving casino gaming.

(c) The applicant or its affiliates or affiliated companies has a history of, or a bona fide plan for, either investment or community involvement in the city where the casino will be located.

(2) A city shall not certify or submit and have pending before the board more than 3 certified development agreements. If an applicant is denied a casino license by the board, the city may then certify a development agreement with another applicant and submit the certified development agreement to the board. Nothing in this act shall be construed to prevent the city from entering into more than 3 development agreements.

(3) No more than three (3) licenses shall be issued by the board in any city. A license shall not be issued for a casino to be located on land held in trust by the United States for a federally recognized Indian tribe. In

evaluating the eligibility and suitability of all applicants under the standards provided in this act, the board shall establish and apply the standards to all applicants in a consistent and uniform manner. In the event that more than three (3) applicants meet the standards for eligibility and suitability provided for in subsections (4) and (5), licenses shall first be issued to those eligible and suitable applicants which submitted any casino gaming proposal for voter approval prior to January 1, 1995, in the city in which the casino will be located and the voters approved the proposal.

(4) An applicant is ineligible to receive a casino license if any of the following circumstances exist:

(a) The applicant has been convicted of a felony under the laws of this state, any other state, or the United States.

(b) The applicant has been convicted of a misdemeanor involving gambling, theft, dishonesty, or fraud in any state or a local ordinance in any state involving gambling, dishonesty, theft, or fraud that substantially corresponds to a misdemeanor in that state.

(c) The applicant has submitted an application for a license under this act that contains false information.

(d) The applicant is a member of the board.

(e) The applicant fails to demonstrate the applicant's ability to maintain adequate liability and casualty insurance for its proposed casino.

(f) The applicant holds an elective office of a governmental unit of this state, another state, or the federal government, or is a member of or employed by a gaming regulatory body of a governmental unit in this state, another state, or the federal government, or is employed by a governmental unit of this state. This section does not apply to an elected officer of or employee of a federally recognized Indian tribe or to an elected precinct delegate.

(g) The applicant or affiliate owns more than a 10% ownership interest in any entity holding a casino license issued under this act.

(h) The board concludes that the applicant lacks the requisite suitability as to integrity, moral character, and reputation; personal and business probity; financial ability and experience; responsibility; or means to develop, construct, operate, or maintain the casino proposed in the certified development agreement.

(i) The applicant fails to meet other criteria considered appropriate by the board. The criteria considered appropriate by the board shall not be arbitrary, capricious, or contradictory to the expressed provisions of this act.

(5) In determining whether to grant a casino license to an applicant, the board shall also consider all of the following:

(a) The integrity, moral character, and reputation; personal and business probity; financial ability and experience; and responsibility of the applicant and of any other person or means to develop, construct, operate, or maintain a casino that either:

(i) Controls, directly or indirectly, the applicant.

(ii) Is controlled, directly or indirectly, by the applicant or by a person who controls, directly or indirectly, the applicant.

(b) The prospective total revenue to be derived by the state from the conduct of casino gambling.

(c) The financial ability of the applicant to purchase and maintain adequate liability and casualty insurance and to provide an adequate surety bond.

(d) The sources and total amount of the applicant's capitalization to develop, construct, maintain, and operate the proposed casino.

(e) Whether the applicant has adequate capitalization to develop, construct, maintain, and operate for the duration of a license the proposed casino in accordance with the requirements of this act and rules promulgated by the board and to responsibly pay off its secured and unsecured debts in accordance with its financing agreement and other contractual obligations.

(f) The extent and adequacy of any compulsive gambling programs that the applicant will adopt and implement if licensed.

(g) The past and present compliance of the applicant and its affiliates or affiliated companies with casino or casino-related licensing requirements, casino-related agreements, or compacts with the state of Michigan or any other jurisdiction.

(h) Whether the applicant has been indicted, charged, arrested, convicted, pleaded guilty or nolo contendere, forfeited bail concerning, or had expunged any criminal offense under the laws of any jurisdiction, either felony or misdemeanor, not including traffic violations, regardless of whether the offense has been expunged, pardoned, or reversed on appeal or otherwise.

(i) Whether the applicant has filed, or had filed against it, a proceeding for bankruptcy or has ever been involved in any formal process to adjust, defer, suspend, or otherwise work out the payment of any debt.

(j) Whether the applicant has been served with a complaint or other notice filed with any public body

regarding a payment of any tax required under federal, state, or local law that has been delinquent for 1 or more years.

(k) The applicant has a history of noncompliance with the casino licensing requirements of any jurisdiction.

(l) The applicant has a history of noncompliance with any regulatory requirements in this state or any other jurisdiction.

(m) Whether at the time of application the applicant is a defendant in litigation involving its business practices.

(n) Whether awarding a license to an applicant would undermine the public's confidence in the Michigan gaming industry.

(o) Whether the applicant meets other standards for the issuance of a casino license which the board may promulgate by rule. The rules promulgated under this subdivision shall not be arbitrary, capricious, or contradictory to the expressed provisions of this act.

(6) Each applicant shall submit with its application, on forms provided by the board, a photograph and 2 sets of fingerprints for each person having a greater than 1% direct or indirect pecuniary interest in the casino, and each person who is an officer, director, or managerial employee of the applicant.

(7) The board shall review all applications for casino licenses and shall inform each applicant of the board's decision. Prior to rendering its decision, the board shall provide a public investigative hearing at which the applicant for a license shall have the opportunity to present testimony and evidence to establish its suitability for a casino license. Other testimony and evidence may be presented at the hearing, but the board's decision shall be based on the whole record before the board and is not limited to testimony and evidence submitted at the public investigative hearing.

(8) A license shall be issued for a 1-year period. All licenses are renewable annually upon payment of the license fee and upon the transmittal to the board of an annual report to include information required under rules promulgated by the board.

(9) All applicants and licensees shall consent to inspections, searches, and seizures and the providing of handwriting exemplar, fingerprints, photographs, and information as authorized in this act and in rules promulgated by the board.

(10) Applicants and licensees shall be under a continuing duty to provide information requested by the board and to cooperate in any investigation, inquiry, or hearing conducted by the board.

(11) Failure to provide information requested by the board to assist in any investigation, inquiry, or hearing of the board, or failure to comply with this act or rules promulgated by the board, may result in denial, suspension, or, upon reasonable notice, revocation of a license.

History: 1996, Initiated Law 1, Eff. Dec. 5, 1996;—Am. 1997, Act 69, Imd. Eff. July 17, 1997.

Popular name: Proposal E

432.206a Application deficiency.

Sec. 6a. (1) If in the review of an application submitted under this act the board identifies a deficiency that would require denial, the board shall notify the applicant and the city in writing of the deficiency.

(2) The board shall provide the applicant a reasonable period of time to correct the deficiency.

History: Add. 1997, Act 69, Imd. Eff. July 17, 1997.

Popular name: Proposal E

432.206b Operation of occupational license training school.

Sec. 6b. This act does not prohibit a person licensed to operate a casino from operating a school for the training of any occupational licensee.

History: Add. 1997, Act 69, Imd. Eff. July 17, 1997.

Popular name: Proposal E

432.206c Institutional investor.

Sec. 6c. (1) Unless the board determines that an institutional investor may be found unqualified, an institutional investor holding either under 10% of the equity securities or debt securities of a casino licensee's affiliate or affiliated company which is related in any way to the financing of the casino licensee, if the securities represent a percentage of the outstanding debt of the affiliate or affiliated company not exceeding 20%, or a percentage of any issue of the outstanding debt of the affiliate or affiliated company not exceeding 50%, shall be granted a waiver of the eligibility and suitability requirements of section 6 if such securities are those of a publicly traded corporation and its holdings of such securities were purchased for investment purposes only and, if requested by the board, files with the board a certified statement that it has no intention

of influencing or affecting the affairs of the issuer, the casino licensee, or its affiliate or affiliated company.

(2) The board may grant a waiver under this section to an institutional investor holding a higher percentage of securities as allowed in subsection (1), upon a showing of good cause and if the conditions specified in subsection (1) are met.

(3) An institutional investor granted a waiver under this section that subsequently intends to influence or affect the affairs of the issuer shall provide notice to the board and file an application for a determination of eligibility and suitability before taking any action that may influence or affect the affairs of the issuer.

(4) Notwithstanding any provisions of this act, an institutional investor may vote on all matters that are put to the vote of the outstanding security holders of the issuer.

(5) If an institutional investor changes its investment intent or if the board finds that the institutional investor may be found unqualified, no action other than divestiture of the security holdings shall be taken until there has been compliance with this act.

(6) The casino licensee or an affiliate or affiliated company of the casino licensee shall immediately notify the board of any information concerning an institutional investor holding its equity or debt securities which may impact the eligibility and suitability of the institutional investor for a waiver under this section.

(7) If the board finds that an institutional investor holding any security of an affiliate or affiliated company of a casino licensee that is related in any way to the financing of the casino licensee fails to comply with the requirements of this section, or if at any time the board finds that, by reason of the extent or nature of its holdings, an institutional investor is in a position to exercise a substantial impact upon the controlling interests of a casino licensee, the board may take any necessary action to protect the public interest, including requiring this institutional investor to satisfy the eligibility and suitability requirements under section 6.

History: Add. 1997, Act 69, Imd. Eff. July 17, 1997.

Popular name: Proposal E

432.207 Repealed. 1997, Act 69, Imd. Eff. July 17, 1997.

Compiler's note: The repealed section pertained to suppliers' licenses.

Popular name: Proposal E

432.207a Supplier's license.

Sec. 7a. (1) The board may issue a supplier's license to a person who applies for a license and pays a nonrefundable application fee set by the board, if the board determines that the applicant is eligible and suitable for a supplier's license and the applicant pays a \$5,000.00 annual license fee. It is the burden of the applicant to establish by clear and convincing evidence its suitability as to integrity, moral character, and reputation; personal and business probity; financial ability and experience; responsibility; and other criteria considered appropriate by the board. All applications shall be made under oath.

(2) A person who holds a supplier's license is authorized to sell or lease, and to contract to sell or lease, equipment and supplies to any licensee involved in the ownership or management of gambling operations.

(3) Gambling supplies and equipment shall not be distributed unless supplies and equipment conform to standards adopted in rules promulgated by the board.

(4) An applicant is ineligible to receive a supplier's license if any of the following circumstances exist:

(a) The applicant has been convicted of a felony under the laws of this state, any other state, or the United States.

(b) The applicant has been convicted of a misdemeanor involving gambling, theft, fraud, or dishonesty in any state or a local ordinance in any state involving gambling, dishonesty, theft, or fraud that substantially corresponds to a misdemeanor in that state.

(c) The applicant has submitted an application for license under this act which contains false information.

(d) The applicant is a member of the board.

(e) The applicant holds an elective office of a governmental unit of this state, another state, or the federal government, or is a member of or employed by a gaming regulatory body of a governmental unit in this state, another state, or the federal government, or is employed by a governmental unit of this state. This subdivision does not apply to an elected officer of or employee of a federally recognized Indian tribe or an elected precinct delegate.

(f) The applicant owns more than a 10% ownership interest in any entity holding a casino license issued under this act.

(g) The board concludes that the applicant lacks the requisite suitability as to integrity, moral character, and reputation; personal and business probity; financial ability and experience; and responsibility.

(h) The applicant fails to meet other criteria considered appropriate by the board. The criteria considered appropriate by the board shall not be arbitrary, capricious, or contradictory to the expressed provisions of this

act.

(5) In determining whether to grant a supplier's license to an applicant, the board shall consider all of the following:

(a) The applicant's past and present compliance with casino licensing requirements of this state or any other jurisdiction pertaining to casino gaming or any other regulated activities.

(b) The integrity, moral character, and reputation; personal and business probity; financial ability and experience; and responsibility of the applicant or an affiliate of the applicant.

(c) Whether the applicant has been indicted, charged, arrested, convicted, pleaded guilty or nolo contendere, forfeited bail concerning, or had expunged any criminal offense under the laws of any jurisdiction, either felony or misdemeanor, not including traffic violations, regardless of whether the offense has been expunged, pardoned, or reversed on appeal or otherwise.

(d) Whether the applicant has filed, or had filed against it, a proceeding for bankruptcy or has ever been involved in any formal process to adjust, defer, suspend, or otherwise work out the payment of any debt.

(e) Whether the applicant has been served with a complaint or other notice filed with any public body regarding a payment of any tax required under federal, state, or local law that has been delinquent for 1 or more years.

(f) Whether the applicant has a history of noncompliance with the casino licensing requirements of any jurisdiction.

(g) Whether the applicant has a history of noncompliance with any regulatory requirements in this state or any other jurisdiction.

(h) Whether at the time of application the applicant is a defendant in litigation involving its business practices.

(i) Whether awarding a license to an applicant would undermine the public's confidence in the Michigan gaming industry.

(j) Whether the applicant meets other standards for the issuance of a supplier's license that the board may promulgate by rule. The rules promulgated under this subdivision shall not be arbitrary, capricious, or contradictory to the expressed provisions of this act.

(6) Any person, including a junket enterprise, that supplies equipment, devices, supplies, or services to a licensed casino shall first obtain a supplier's license. A supplier shall furnish to the board a list of all equipment, devices, and supplies offered for sale or lease to casino licensees licensed under this act.

(7) A supplier shall keep books and records of its business activities with a casino operator, including its furnishing of equipment, devices, supplies, and services to gambling operations separate and distinct from any other business that the supplier might operate. A supplier shall file a quarterly return with the board listing all sales, leases, and services. A supplier shall permanently affix its name to all its equipment, devices, and supplies for gambling operations. Any supplier's equipment, devices, or supplies that are used by any person in an unauthorized gambling operation shall be forfeited to the state.

(8) A casino licensee who owns its own equipment, devices, and supplies is not required to obtain a supplier's license.

(9) Any gambling equipment, devices, and supplies provided by any licensed supplier may be either repaired in the casino or removed from the casino to a licensed area.

(10) A license shall be issued for a 1-year period. All licenses are renewable annually upon payment of the license fee and the transmittal to the board of an annual report to include information required under rules promulgated by the board.

(11) All applicants and licensees shall consent to inspections, searches, and seizures provided for in section 4a(1)(c)(i) to (v) and to the disclosure to the board and its agents of confidential records, including tax records, held by any federal, state, or local agency, credit bureau, or financial institution and to provide handwriting exemplars, photographs, fingerprints, and information as authorized in this act and in rules promulgated by the board.

(12) Applicants and licensees shall be under a continuing duty to provide information requested by the board and to cooperate in any investigation, inquiry, or hearing conducted by the board.

(13) Failure to provide information requested by the board to assist in any investigation, inquiry, or hearing of the board, or failure to comply with this act or rules promulgated by the board, may result in denial, suspension, or, upon reasonable notice, revocation of a license.

History: Add. 1997, Act 69, Imd. Eff. July 17, 1997.

Popular name: Proposal E

432.207b Definitions; person considered to have interest in licensee or casino; contributions; exception.

Sec. 7b. (1) As used in this section:

(a) "Candidate" means both of the following:

(i) That term as defined in section 3 of the Michigan campaign finance act, 1976 PA 388, MCL 169.203.

(ii) The holder of any state, legislative, or local elective office.

(b) Except as provided in subsection (6), "committee" means any of the following:

(i) A candidate committee as that term is defined in section 3 of the Michigan campaign finance act, 1976 PA 388, MCL 169.203.

(ii) A political party committee as that term is defined in section 11 of the Michigan campaign finance act, 1976 PA 388, MCL 169.211.

(iii) An independent committee as that term is defined in section 8 of the Michigan campaign finance act, 1976 PA 388, MCL 169.208.

(iv) A committee organized by a legislative caucus of a chamber of the legislature.

(c) "License" means either a casino license issued under this act or a supplier's license issued under this act.

(d) "Licensee" means a person who holds a license as defined in subdivision (c).

(e) "Officer" means either of the following:

(i) An individual listed as an officer of a corporation, limited liability company, or limited liability partnership.

(ii) An individual who is a successor to an individual described in subparagraph (i).

(2) For purposes of this section, a person is considered to have an interest in a licensee or casino enterprise if any of the following circumstances exist:

(a) The person holds at least a 1% interest in the licensee or casino enterprise.

(b) The person is an officer or a managerial employee of the licensee or casino enterprise as defined by rules promulgated by the board.

(c) The person is an officer of the person who holds at least a 1% interest in the licensee or casino enterprise.

(d) The person is an independent committee of the licensee or casino enterprise.

(3) A licensee is considered to have made a contribution if a contribution is made by a person who has an interest in the licensee.

(4) A licensee or person who has an interest in a licensee or casino enterprise, or the spouse, parent, child, or spouse of a child of a licensee or person who has an interest in a licensee or casino enterprise, shall not make a contribution to a candidate or a committee during the following periods:

(a) The time period during which a casino licensee or development agreement is being considered by a city or the board.

(b) The term during which the licensee holds a license.

(c) The 3 years following the final expiration or termination of the licensee's license.

(d) During either of the following, whichever is shorter:

(i) The period beginning on or after the effective date of this amendatory act.

(ii) The period beginning 1 year prior to applying for a license.

(5) A licensee or person who has an interest in a licensee or casino enterprise, or the spouse, parent, child, or spouse of a child of a licensee or a person who has an interest in a licensee or casino enterprise, shall not make a contribution to a candidate or committee through a legal entity that is established, directed, or controlled by any of the persons described in this subsection during the time period described in subsection (4).

(6) This section does not apply to a ballot question committee as that term is defined in section 2 of the Michigan campaign finance act, 1976 PA 388, MCL 169.202.

History: Add. 1997, Act 69, Imd. Eff. July 17, 1997.

Popular name: Proposal E

432.207c Local labor organizations; requirements.

Sec. 7c. (1) Each local labor organization that directly represents casino gaming employees shall register with the board annually and provide all of the following:

(a) The local labor organization's name, address, and telephone number.

(b) The name and address of any international labor organization with which it directly or indirectly maintains an affiliation or relationship.

(c) All of the following information for the designated individuals and other personnel of the local labor organization:

(i) The individual's full name and any known alias or nickname.

(ii) The individual's business address and telephone number.
(iii) The individual's title or other designation in the local labor organization.
(iv) Unless information is required under subdivision (d)(v), a brief description of the individual's duties and activities.

(v) The individual's annual compensation, including salary, allowances, reimbursed expenses, and other direct or indirect disbursements.

(d) All of the following additional information for each designated individual of the local labor organization:

(i) The individual's home address and telephone number.

(ii) The individual's date and place of birth.

(iii) The individual's social security number.

(iv) The date he or she was hired by or first consulted with or advised the local labor organization.

(v) A detailed description of all of the following:

(A) The individual's duties and activities.

(B) Whether he or she performed the same or similar activities previously on a labor organization's behalf.

(C) The individual's prior employment or occupational history.

(vi) Excluding minor traffic offenses, a detailed description of all of the following:

(A) The individual's convictions, including any conviction that was expunged or set aside, sealed by court order, or for which he or she received a pardon.

(B) Any criminal offense for which he or she was charged or indicted but not convicted.

(vii) Whether he or she was ever denied a business, liquor, gaming, or professional license or had such a license revoked.

(viii) Whether a court or governmental agency determined the individual unsuitable to be affiliated with a labor organization and the details of that determination.

(ix) Whether the individual was ever subpoenaed as a witness before a grand jury, legislative committee, administrative body, crime commission, or similar agency and the details relating to that subpoena.

(x) A photograph of the individual taken within the previous 60 days.

(xi) For the local labor organization's first filing, a complete set of the individual's fingerprints.

(e) A written certification under oath by the local labor organization president, secretary, treasurer, or chief official that the information provided under this subsection is complete and accurate. The board shall prescribe the form for this certification.

(2) A local labor organization may satisfy the information requirements of subsection (1) by providing to the board copies of reports filed with the United States department of labor under the labor management reporting and disclosure act of 1959, Public Law 86-257, supplemented by any required information not contained in those reports.

(3) If information required under subsection (1) for a designated individual changes after registration or if the local labor organization gains a designated individual after registration, the local labor organization shall provide the board with that new information or the information, photograph, and fingerprints required under subsection (1) for the new designated individual within 21 days.

(4) Notwithstanding section 4c, information provided by a local labor organization to the board under this section is exempt from disclosure under the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

(5) Upon finding by clear and convincing evidence that grounds for disqualification under subsection (6) exist, the board may disqualify an officer, agent, or principal employee of a local labor organization registered or required to be registered under this section from performing any of the following functions:

(a) Adjusting grievances for or negotiating or administering the wages, hours, working conditions, or employment conditions of casino gaming employees.

(b) Soliciting, collecting, or receiving from casino gaming employees any dues, assessments, levies, fines, contributions, or other charges within this state for or on behalf of the local labor organization.

(c) Supervising, directing, or controlling other officers, agents, or employees of the local labor organization in performing functions described in subdivisions (a) and (b).

(6) An individual may be disqualified under subsection (5) for lacking good moral character only if any of the following apply:

(a) He or she has been indicted or charged with, convicted of, pled guilty or nolo contendere to, or forfeited bail in connection with a crime involving gambling, theft, dishonesty, prostitution, or fraud under the laws of this state, any other state, or the United States or a local ordinance of a political subdivision of this state or another state. Disqualification cannot be based only on crimes that involve soliciting or engaging prostitution services unless the individual is or has engaged in an ongoing pattern of that behavior. If the grounds for

disqualification are criminal charges or indictment, at the individual's request, the board shall defer making a decision on disqualification while the charge or indictment is pending.

(b) He or she intentionally or knowingly made or caused to be made a false or misleading statement in a document provided to the board or its agents or orally to a board member or agent in connection with an investigation.

(c) He or she engages in criminal or unlawful activities in an occupational manner or context for economic gain, or is an associate or member of a group of individuals who operate together in that fashion, and this behavior creates a reasonable belief that the behavior adversely affects gambling operations and the public policy underlying this act. In making a determination under this subdivision, the board may consider findings or identifications by the attorney general or department of state police that an individual is within this category.

(7) A designated individual shall report all information described in subsection (6)(a) to (c) concerning him or her to the local labor organization. A local labor organization shall report all information described in subsection (6)(a) to (c) concerning its designated individuals of which it has actual knowledge to the board.

(8) The board may waive any disqualification criterion under subsection (6) or may rescind a disqualification under subsection (5), if doing so is consistent with the public policy of this act and based on a finding that the interests of justice so require.

(9) The board shall give written notice to an individual it proposes to disqualify and to the affected labor organization, stating the reason for the proposed disqualification and describing any supporting evidence in the board's possession. Within 30 days after receiving the written notice of proposed disqualification, the respondent may file with the board a written request for a hearing, which shall take place promptly. The board shall conduct the hearing in conformity with the contested case procedures set forth in the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328. A person aggrieved by a final disqualification has the right to appeal to the circuit court for the county in which the person resides or has his or her principal place of business to have the disqualification set aside based on any ground set forth in section 106 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.306.

(10) Not later than January 31 of the calendar year after disqualification and each year after that unless the disqualification is rescinded or reversed, the disqualified individual shall provide the board with a sworn statement that he or she did not perform the functions described in subsection (5) during the previous year.

(11) The board may petition in the circuit court for the county in which the disqualified individual resides or has his or her principal place of business for an order enforcing the terms of the disqualification.

(12) A local labor organization that is registered or required to be registered under this section or any officer, agent, or principal employee of that organization shall not personally hold any financial interest in a casino licensee employing casino gaming employees represented by the organization or person.

(13) This section does not prohibit a local labor organization from conducting training for or operating a school to train casino gaming employees, or from entering into an agreement or arrangement with a casino licensee, supplier, or vendor to provide for the training of casino gaming employees. A local labor organization that conducts such training or operates such a school or does not otherwise qualify as a supplier is not subject to the contribution prohibitions of section 7b.

(14) This section does not deny, abridge, or limit in any way the legitimate rights of casino gaming employees to form, join, or assist labor organizations, to bargain collectively through representatives of their own choosing, or to engage in other concerted activities for the purpose of collective bargaining or other mutual aid and protection or the free exercise of any other rights they may have as employees under the laws of the United States or this state.

(15) This section shall not be expanded or amplified by action of the board or any other executive or administrative body. The board and any other executive or administrative body do not have authority to promulgate interpretive rules or rulings to implement this section. The board and any other executive or administrative body do not have authority under this section to require that a local labor organization or an officer, agent, or principal employee of a labor organization does either of the following:

(a) Qualify for or obtain a casino, occupational, or supplier's license or any other license or permit required under rules promulgated by the board.

(b) Ensure the compliance of any person or entity with the licensing requirements under this act or under rules promulgated by the board.

(16) As used in this section:

(a) "Casino gaming employee" means the following and their supervisors:

(i) Individuals involved in operating a casino gaming pit, including dealers, shifts, clerks, hosts, and junket representatives.

(ii) Individuals involved in handling money, including cashiers, change persons, count teams, and coin

wrappers.

(iii) Individuals involved in operating gambling games.

(iv) Individuals involved in operating and maintaining slot machines, including mechanics, floorpersons, and change and payoff persons.

(v) Individuals involved in security, including guards and game observers.

(vi) Individuals with duties similar to those described in subparagraphs (i) to (v). However, casino gaming employee does not include an individual whose duties are related solely to nongaming activities such as entertainment, hotel operation, maintenance, or preparing or serving food and beverages.

(b) "Designated individual" means an officer, agent, principal employee, or individual performing a function described in subsection (5).

(17) Nothing in this act shall preclude employees from exercising their legal rights to organize themselves into collective bargaining units.

History: Add. 1997, Act 69, Imd. Eff. July 17, 1997.

Popular name: Proposal E

432.208 Occupational licenses.

Sec. 8. (1) The board may issue an occupational license to an applicant after all of the following have occurred:

(a) The applicant has paid a nonrefundable application fee set by the board.

(b) The board has determined that the applicant is eligible for an occupational license pursuant to rules promulgated by the board.

(c) The applicant has paid the biennial license fee in an amount to be established by the board.

(2) It is the burden of the applicant to establish by clear and convincing evidence the applicant's eligibility and suitability as to integrity, moral character, and reputation; personal probity; financial ability and experience; responsibility; and other criteria as may be considered appropriate by the board. The criteria considered appropriate by the board shall not be arbitrary, capricious, or contradictory to the expressed provisions of this act. All applications shall be made under oath.

(3) To be eligible for an occupational license, an applicant shall:

(a) Be at least 21 years of age if the applicant will perform any function involved in gaming by patrons.

(b) Be at least 18 years of age if the applicant will perform only nongaming functions.

(c) Not have been convicted of a felony under the laws of this state, any other state, or the United States.

(d) Not have been convicted of a misdemeanor involving gambling, dishonesty, theft, or fraud in any state or any violation of a local ordinance in any state involving gambling, dishonesty, theft, or fraud that substantially corresponds to a misdemeanor in that state.

(4) Each application for an occupational license shall be on a form prescribed by the board and shall contain all information required by the board. The applicant shall set forth in the application whether he or she has been issued prior gambling related licenses; whether he or she has been licensed in any other state under any other name, and, if so, the name under which the license was issued and his or her age at the time the license was issued; and whether or not a permit or license issued to him or her in any other state has been suspended, restricted, or revoked, and, if so, the cause and the duration of each action.

(5) Each applicant shall submit with his or her application, on a form provided by the board, 2 sets of his or her fingerprints and a photograph. The board shall charge each applicant an application fee set by the board to cover all actual costs of administering the act relative to costs generated by each licensee and all background checks.

(6) The board may, in its discretion, deny an occupational license to a person who is or does any of the following:

(a) The applicant fails to disclose or states falsely any information requested in the application.

(b) The applicant is a member of the board.

(c) The applicant has a history of noncompliance with the casino licensing requirements of any jurisdiction.

(d) Whether the applicant has been indicted, charged, arrested, convicted, pleaded guilty or nolo contendere, forfeited bail concerning, or had expunged any criminal offense under the laws of any jurisdiction, either felony or misdemeanor, not including traffic violations, regardless of whether the offense has been expunged, pardoned, or reversed on appeal or otherwise.

(e) The applicant has filed, or had filed against it, a proceeding for bankruptcy or has ever been involved in any formal process to adjust, defer, suspend, or otherwise work out the payment of any debt.

(f) The applicant has a history of noncompliance with any regulatory requirements in this state or any other jurisdiction.

(g) The applicant has been served with a complaint or other notice filed with any public body regarding a payment of any tax required under federal, state, or local law that has been delinquent for 1 or more years.

(h) The applicant is employed by a governmental unit.

(i) The applicant or affiliate owns more than a 10% ownership interest in any entity holding a casino license issued under this act.

(j) The board concludes that the applicant lacks the requisite suitability as to integrity, moral character, and reputation; personal probity; financial ability and experience; or responsibility.

(k) The applicant fails to meet any other criteria that the board considers appropriate. The criteria considered appropriate by the board shall not be arbitrary, capricious, or contradictory to the expressed provisions of this act.

(l) The applicant is unqualified to perform the duties required of the license.

(m) The applicant has been found guilty of a violation of this act.

(n) The applicant has had a prior gambling related license or license application suspended, restricted, revoked, or denied for just cause in any other jurisdiction.

(7) The board may suspend, revoke, or restrict any occupational licensee for any of the following:

(a) Violation of this act.

(b) Violation of any of the rules promulgated by the board.

(c) Any cause which, if known to the board, would have disqualified the applicant from receiving the license.

(d) Default in the payment of any obligation or debt due to the state of Michigan.

(e) Any other just cause.

(8) A license issued pursuant to this section shall be valid for a period of 2 years from the date of issuance.

(9) All applicants and licensees shall consent to the inspections, searches, and seizures of their person and personal effects as provided in section 4a(1)(c)(i) to (v) and the providing of handwriting exemplars, photographs, fingerprints, and information as authorized in this act and in rules promulgated by the board.

(10) An applicant or licensee shall be under a continuing duty to provide information requested by the board and to cooperate in any investigation, inquiry, or hearing conducted by the board.

(11) Failure to provide information requested by the board, to assist in any investigation, inquiry, or hearing of the board, or to comply with this act or rules of the board may result in denial, suspension, or, upon reasonable notice, revocation of a license.

History: 1996, Initiated Law 1, Eff. Dec. 5, 1996;—Am. 1997, Act 69, Imd. Eff. July 17, 1997.

Popular name: Proposal E

432.208a Bond; posting; cancellation; limitation.

Sec. 8a. Before a casino license is issued, the licensee shall post a bond in the sum of \$1,000,000.00 to the state of Michigan. The bond shall be used to guarantee that the licensee faithfully makes the payments, keeps his or her books and records, makes reports, and conducts his or her casino gaming in conformity with this act and the rules promulgated by the board. The bond shall not be canceled by a surety on less than 30 days' notice in writing to the board. If a bond is canceled and the licensee fails to file a new bond with the board in the required amount on or before the effective date of cancellation, the licensee's license shall be revoked. The total and aggregate liability of the surety on the bond is limited to the amount specified in the bond.

History: Add. 1997, Act 69, Imd. Eff. July 17, 1997.

Popular name: Proposal E

432.208b Background check on prospective employee.

Sec. 8b. Subject to the laws of this state, prior to hiring a prospective employee, the holder of a casino license shall conduct a background check of the prospective employee to determine whether the prospective employee has had any criminal convictions or has any pending criminal charges at the time he or she submits an application for employment.

History: Add. 1997, Act 69, Imd. Eff. July 17, 1997.

Popular name: Proposal E

432.208c License as revocable privilege; rights, limitations, and prohibitions; revocation.

Sec. 8c. (1) A license issued under this act is a revocable privilege granted by the state and is not a property right. Granting a license under this act does not create or vest any right, title, franchise, or other property interest. Each license is exclusive to the licensee, and a licensee or any other person shall apply for and receive the board's and city's approval before a license is transferred, sold, or purchased, or before a voting trust agreement or other similar agreement is established with respect to the license. A licensee or any

other person shall not lease, pledge, or borrow, or loan money against a license. The attempted transfer, sale, or other conveyance of an interest in a license without prior board approval is grounds for suspension or revocation of the license, or other sanction considered appropriate by the board.

(2) Upon the termination of a development agreement between a casino licensee and the city in which the casino is located, the board upon the request of the city shall revoke that licensee's casino license.

History: Add. 1997, Act 69, Imd. Eff. July 17, 1997.

Popular name: Proposal E

432.209 Conduct of gaming.

Sec. 9. (1) Minimum and maximum wagers on games shall be set by the board.

(2) Employees of the board, the department of state police, and the department of attorney general may inspect any casino at any time, without notice, for the purpose of determining whether this act or rules promulgated by the board are being complied with.

(3) Employees of the board, the department of state police, and the department of attorney general, and their authorized agents shall have the right to be present, at any time, in the casino or on adjacent facilities under the control of the licensee.

(4) Gambling equipment and supplies customarily used in conducting casino gambling shall be purchased or leased only from suppliers who are licensed under this act.

(5) Persons licensed under this act shall permit no form of wagering on gambling games except as permitted by this act.

(6) Wagers may be received only from a person present in a licensed casino. A person present in a licensed casino shall not place or attempt to place a wager on behalf of another person who is not present in the casino.

(7) Wagering shall not be conducted with money or other negotiable currency.

(8) All tokens, chips, or electronic cards used to make wagers shall be purchased from a licensed owner in the casino. The tokens, chips, or electronic cards may be purchased by means of an agreement under which the owner extends credit to the patron. Such tokens, chips, or electronic cards may be used only while in a casino and only for the purpose of making wagers on gaming games.

(9) A person under age 21 shall not be permitted in an area of a casino where gaming is being conducted, except for a person at least 18 years of age who is an employee of the gaming operation. An employee under the age of 21 shall not perform any function involved in gambling by the patrons. A person under age 21 shall not be permitted to make a wager under this act.

(10) Managerial employees of casino licensees pursuant to this act shall be under an affirmative duty to report to the board, and the Michigan state police, in writing, within 24 hours, illegal or suspected illegal activity or activity which is in violation of this act or of rules promulgated by the board.

(11) In addition to the requirements of this section, gambling shall be conducted in accordance with the rules promulgated by the board.

(12) Unless approved by the city, a casino shall not be located within 1,000 feet of any of the following:

- (a) A church or other place of worship.
- (b) A school, college, or university.
- (c) A financial institution or a branch of a financial institution.
- (d) A pawnshop.

(13) As used in subsection (12), "financial institution" means a state or nationally chartered bank, a state or federally chartered savings and loan association, a state or federally chartered savings bank, a state or federally chartered credit union, or any entity that provides check-cashing services.

(14) A casino licensee shall not employ an individual as a managerial employee who has been convicted of a felony in the previous 5 years to work in a casino.

History: 1996, Initiated Law 1, Eff. Dec. 5, 1996;—Am. 1997, Act 69, Imd. Eff. July 17, 1997.

Popular name: Proposal E

432.209a Electronic funds transfer terminal.

Sec. 9a. (1) A person who holds a casino license shall not install, own, or operate or allow another person to install, own, or operate an electronic funds transfer terminal on the premises of the casino that is less than 50 feet from any game in the casino.

(2) A person who holds a casino license shall not install, own, or operate or allow another person to install, own, or operate on the premises of the casino a game that is played with a device that allows a player to operate the game by transferring funds electronically from a credit or debit card.

(3) As used in this section, "electronic funds transfer terminal" means an information processing device used for the purpose of executing deposit account transactions between financial institutions and their

customers by either the direct transmission of electronic impulses or the recording of electronic impulses for delayed processing. The fact that a device is used for other purposes does not prevent it from being an electronic funds transfer terminal.

History: Add. 1997, Act 69, Imd. Eff. July 17, 1997.

Popular name: Proposal E

432.209b Televised simulcast horse races.

Sec. 9b. (1) A person who holds a casino license shall not televise or allow any other person to televise simulcast horse races on the premises of the casino.

(2) As used in this section, "simulcast" means the live transmission of video and audio signals conveying a horse race held either in or outside of this state.

History: Add. 1997, Act 69, Imd. Eff. July 17, 1997.

Popular name: Proposal E

432.209c Toll-free compulsive gaming helpline number; posting.

Sec. 9c. (1) A person who holds a casino license issued pursuant to this act shall conspicuously post at each entrance and exit of the casino, on each electronic funds transfer terminal, and at each credit location a visually prominent sign on which is printed a toll-free compulsive gaming helpline number.

(2) A person who holds a casino license shall include a toll-free compulsive gaming helpline number on all of its printed advertisement and promotional materials.

History: Add. 1997, Act 69, Imd. Eff. July 17, 1997.

Popular name: Proposal E

432.209d Acceptance of lien prohibited.

Sec. 9d. A person who holds a casino license shall not accept from a wagerer a lien on real or personal property to extend credit or for the payment of a debt.

History: Add. 1997, Act 69, Imd. Eff. July 17, 1997.

Popular name: Proposal E

432.210 Alcoholic beverages.

Sec. 10. Alcoholic beverages shall only be sold or distributed in a casino pursuant to the Michigan liquor control act, 1933 (Ex Sess) PA 8, MCL 436.1 to 436.58.

History: 1996, Initiated Law 1, Eff. Dec. 5, 1996;—Am. 1997, Act 69, Imd. Eff. July 17, 1997.

Popular name: Proposal E

432.211 Collection of amounts under credit agreements.

Sec. 11. Notwithstanding any applicable statutory provision to the contrary, a licensed owner who extends credit to a wagerer pursuant to this act is authorized to institute a cause of action to collect any amounts due as well as the owner's costs, expenses, and reasonable attorney's fees incurred in collection.

History: 1996, Initiated Law 1, Eff. Dec. 5, 1996;—Am. 1997, Act 69, Imd. Eff. July 17, 1997.

Popular name: Proposal E

432.212 Wagering tax; rate; creation of state casino gaming fund; administration; allocations; certification of casino licensee; imposition of tax; effect of law allowing operation of video lottery at horse racetracks; wagering on simulcast horse races; payments; effect of city ordinance; existing appropriations or expenditures; definitions.

Sec. 12. (1) A wagering tax is imposed on the adjusted gross receipts received by the licensee from gaming authorized under this act at the rate of 18%. If a city exercises either of the options in subsection (4), the tax rate under this subsection shall be 8.1% and deposited in the state school aid fund to provide additional funds for K-12 classroom education. If the city rescinds or is otherwise unable to exercise 1 of the options in subsection (4), the tax rate under this subsection shall be 18%. A tax rate of 18% imposed under this subsection shall cover any period for which the city does not or is unable to exercise 1 of the options in subsection (4).

(2) The state casino gaming fund is created in the department of treasury. The fund shall be administered by the department in accordance with this act. Except as provided in sections 12a and 13, the taxes imposed under this section plus all other fees, fines, and charges imposed by the state shall be deposited into the state casino gaming fund. The wagering tax is to be remitted daily by the holder of a casino license to the department of treasury by electronic wire transfer of funds. The state shall remit the city's portion of the

wagering tax to the city daily by electronic wire transfer of funds as provided by this act.

(3) If the state imposes a wagering tax under subsection (1) equal to 18% of adjusted gross receipts, money in the state casino gaming fund that is not from a tax imposed under subsections (5) to (8) shall be allocated as follows:

- (a) 55% to the city in which a casino is located for use in connection with the following:
 - (i) The hiring, training, and deployment of street patrol officers.
 - (ii) Neighborhood and downtown economic development programs designed to create local jobs.
 - (iii) Public safety programs such as emergency medical services, fire department programs, and street lighting.
 - (iv) Anti-gang and youth development programs.
 - (v) Other programs that are designed to contribute to the improvement of the quality of life in the city.
 - (vi) Relief to the taxpayers of the city from 1 or more taxes or fees imposed by the city.
 - (vii) The costs of capital improvements.
 - (viii) Road repairs and improvements.
- (b) 45% to the state to be deposited in the state school aid fund to provide additional funds for K-12 classroom education.

(4) A city in which a licensee is located may do 1 of the following:

(a) In the development agreement into which the city is entitled to enter, include a provision that requires the licensee located in the city to pay the city a payment equal to 9.9% of the adjusted gross receipts received by the licensee from gaming authorized under this act.

(b) By ordinance, levy, assess, and collect an excise tax upon licensees located in the city at a rate of 9.9% of the adjusted gross receipts received by the licensee from gaming authorized under this act.

(5) Subject to subsections (6) to (8), a wagering tax in addition to the tax imposed in subsection (1) is imposed on the adjusted gross receipts received by a licensee from gaming authorized under this act at the rate of 6%. Money from the tax imposed under this subsection that has been deposited in the state casino gaming fund shall be allocated 1/3 to the city in which the licensee's casino is located for use in connection with the purposes listed in subsection (3)(a), 7/12 to the general fund, and 1/12 to the Michigan agriculture equine industry development fund. The city may collect its share of the tax under this subsection directly using 1 of the methods in subsection (4). For a period during which the licensee is paying the city's share of the tax under this subsection directly to the city under either of the methods in subsection (4), the payment to the state casino gaming fund under this subsection shall be 4% and shall be allocated 7/8 to the general fund and 1/8 to the Michigan agriculture equine industry development fund.

(6) Subject to subsections (7) and (8), and unless an act of God, a war, a disaster, or an act of terrorism directly and substantially impacts the ability of the licensee to complete construction of its casino and casino enterprise, if a casino licensee is not fully operational by each of the following dates, the tax on the licensee under subsection (5) shall be as follows:

(a) July 1, 2009, 7%, allocated 1/2 to the general fund, 1/14 to the Michigan agriculture equine industry development fund, and 3/7 to the city in which the licensee's casino is located.

(b) July 1, 2010, 8%, allocated 7/16 to the general fund, 1/16 to the Michigan agriculture equine industry development fund, and 1/2 to the city in which the licensee's casino is located.

(c) July 1, 2011, 9%, allocated 7/18 to the general fund, 1/18 to the Michigan agriculture equine industry development fund, and 5/9 to the city in which the licensee's casino is located.

(7) Subject to subsection (8), and irrespective of whether there has been an increase under subsection (6), after a casino licensee has been fully operational for 30 consecutive days, the licensee may apply to the board for certification under this subsection. If the board determines that a licensee that makes an application under this subsection has been fully operational and in compliance with its development agreement that is in existence on July 1, 2004 or a subsequent original development agreement, for at least 30 consecutive days, the board shall certify the licensee under this subsection, and the tax imposed on the licensee under subsection (5), as adjusted, if applicable, by subsection (6), shall be, retroactive to the first day of the 30 consecutive day period that the licensee was fully operational, reduced to 1% and shall be allocated entirely to the city where the licensee operates its casino.

(8) If the McCauley-Traxler-Law-Bowman-McNeely lottery act, 1972 PA 239, MCL 432.1 to 432.47, is amended to allow the operation of video lottery at horse racetracks in this state, and if video lottery is being conducted at horse racetracks in this state, the licensee is no longer obligated to pay the wagering tax under subsections (5) to (7).

(9) Notwithstanding section 9b, if the McCauley-Traxler-Law-Bowman-McNeely lottery act, 1972 PA 239, MCL 432.1 to 432.47, is amended to allow the operation of video lottery at horse racetracks in this state, and if video lottery is being conducted at horse racetracks in this state, a casino licensee may, after obtaining

approval from the board, apply to the racing commissioner for authorization to simulcast horse races under the horse racing law of 1995, 1995 PA 279, MCL 431.301 to 431.336. A casino licensee that is authorized under this subsection shall display and allow wagering on simulcast horse races only at the licensee's casino and shall comply with all applicable provisions of the horse racing law of 1995, 1995 PA 279, MCL 431.301 to 431.336, rules promulgated under that act, and the written permit to conduct simulcasting and any related order issued to the licensee by the racing commissioner. Simulcasting and wagering under this subsection are under the primary control of the racing commissioner, and the racing commissioner may revoke or suspend the authorization of or take other disciplinary action against the licensee for failing to comply with a law, rule, permit, or order as required by this subsection. However, the simulcasting and wagering under this subsection is part of the licensee's casino operation under this act and subject to the same control by the board as are other parts of the licensee's casino operation. The board may take disciplinary action under section 4a against a casino licensee for failure to comply with a law, rule, permit, or order as required by this subsection.

(10) A casino licensee is entitled to the same commission from money wagered on horse races simulcast by the licensee as a race meeting licensee is entitled to receive from wagering on simulcast horse races under the horse racing law of 1995, 1995 PA 279, MCL 431.301 to 431.336. The same taxes, fees, and other deductions shall be subtracted and paid from the licensee's commission as are subtracted and paid from a race meeting licensee's commission under the horse racing law of 1995, 1995 PA 279, MCL 431.301 to 431.336.

(11) Payments to a city under 1 of the methods in subsection (4) shall be made in a manner, at those times, and subject to reporting requirements and penalties and interest for delinquent payment as may be provided for in the development agreement if the payment is required under a development agreement, or by ordinance if the payment is required for a tax levied by the city. Payments required under the method described in subsection (4)(a) may be in addition to any other payments which may be required in the development agreement for the conveyance of any interest in property, the purchase of services, or the reimbursement of expenses. Payments to a city under the method described in subsection (4) shall be used by the city for the purposes listed in subsection (3)(a).

(12) Approval by the city of a development agreement or adoption of an ordinance approving either casino gaming or the levy of a local excise tax does not constitute the granting of a franchise or license by the city for purposes of any statutory, charter, or constitutional provision.

(13) The taxes imposed under this section and any tax imposed under section 13(2) shall be administered by the department of treasury in accordance with 1941 PA 122, MCL 205.1 to 205.31, and this act. In case of conflict between the provisions of 1941 PA 122, MCL 205.1 to 205.31, and this act, the provisions of this act prevail.

(14) Funds from this act shall not be used to supplant existing state appropriations or local expenditures.

(15) As used in this section:

(a) "Fully operational" means that a certificate of occupancy has been issued to the casino licensee for the operation of a hotel with not fewer than 400 guest rooms and, after issuance of the certificate of occupancy, the casino licensee's casino, casino enterprise, and 400-guest-room hotel have been opened and made available for public use at their permanent location and maintained in that status.

(b) "Michigan agriculture equine industry development fund" means the Michigan agriculture equine industry development fund created in section 20 of the horse racing law of 1995, 1995 PA 279, MCL 431.320.

History: 1996, Initiated Law 1, Eff. Dec. 5, 1996;—Am. 1997, Act 69, Imd. Eff. July 17, 1997;—Am. 2004, Act 306, Eff. Sept. 1, 2004.

Popular name: Proposal E

432.212a Payment of regulatory and enforcement costs, programs, activities, and services; total annual assessment; state services fee fund.

Sec. 12a. (1) In addition to application and license fees described in this act, all regulatory and enforcement costs, compulsive gambling programs, casino-related programs and activities, casino-related legal services provided by the attorney general, and the casino-related expenses of the department of state police shall be paid by casino licensees as provided by this section.

(2) The total annual assessment for the first year in which any casino licensee under this act begins operating a casino in this state shall be \$25,000,000.00.

(3) The total annual assessment required under this subsection shall be adjusted each year by multiplying the annual assessment for the immediately preceding year by the Detroit consumer price index for the immediately preceding year. As used in this subsection, "Detroit consumer price index" means the annual consumer price index for Detroit consumers as defined and reported by the United States department of labor, bureau of labor statistics.

(4) On or before the date the casino licensee begins operating the casino and annually on that date thereafter, each casino licensee shall pay to the state treasurer an equal share of the total annual assessment required under this section. In no event shall a casino's assessment exceed 1/3 of the total annual assessment required under this section.

(5) From the amount collected under subsection (4), \$2,000,000.00 shall be deposited in the compulsive gaming prevention fund.

(6) The state services fee fund is created in the department of treasury and shall be administered by the department in accordance with this act.

(7) Except as provided in subsections (5) and (8), all funds collected under this section shall be deposited in the state services fee fund. Distributions from the fund shall be made by the legislature through the appropriations process.

(8) The balance of the state services fee fund shall not exceed \$65,000,000.00. If the funds collected under this section would cause the balance to exceed the limitation of this subsection, the surplus funds shall be credited in equal shares against each casino licensee's annual assessment made under section 12a.

(9) The funds collected under this section and deposited in the state services fee fund shall not revert to the general fund at the close of the fiscal year but shall remain in the fund.

History: Add. 1997, Act 69, Imd. Eff. July 17, 1997.

Popular name: Proposal E

432.213 Municipal services fee.

Sec. 13. (1) In addition to payment of the state or city wagering tax and other fees as set forth in this act, and to any payment required pursuant to the development agreement, a city may impose a municipal services fee upon each licensee located in the city equal to the greater of 1.25% of adjusted gross receipts or \$4,000,000.00 in order to assist the city in defraying the cost of hosting casinos. The city may require a municipal services fee of \$4,000,000.00 to be paid annually, in advance, commencing on the date the casino opened for operations and on the anniversary of that date thereafter. Within 20 days after each anniversary of the date the licensed casino opened for operations, the licensee shall pay any additional municipal services fee owing for the operating year just ended above the advance previously paid for that operating year. The municipal services fee shall be deposited by the city in its general fund for disbursement in accordance with the restrictions of this section and applicable municipal ordinances. The city may submit the question of whether to impose the fee authorized by this subsection to the electors of the city for approval.

(2) If a city does not impose a municipal services fee under subsection (1), in addition to payment of the state or city wagering tax and other fees as set forth in this act, there is imposed by the state a municipal services tax upon each licensee located in the city. The rate of the tax imposed by this subsection shall be established to limit the aggregate annual amount of the tax imposed by the state under this subsection upon each licensee and by the city pursuant to subsection (1) upon each licensee to the greater of 1.25% of adjusted gross receipts or \$4,000,000.00. The tax imposed by this subsection shall be paid in the same manner and at the same times as the fee imposed by the city under subsection (1). The revenues received from the imposition of the tax imposed by this subsection shall be remitted to the city and deposited by the city in its general fund for disbursement for the purposes permitted for a fee under subsection (1).

History: 1996, Initiated Law 1, Eff. Dec. 5, 1996;—Am. 1997, Act 69, Imd. Eff. July 17, 1997.

Compiler's note: In the third sentence of subsection (1), the text "owing for the operating year just ended" evidently should be "owing for the operating year just ended."

Popular name: Proposal E

432.213a Imposition of other taxes.

Sec. 13a. A licensee shall not be subject to any excise tax, license tax, privilege tax, or occupation tax, which is imposed exclusively upon the licensee by the state or any political subdivision thereof, except as provided in this act. Nothing in this section shall prohibit the city from assessing a processing fee in an amount to be determined by the city on responses to requests for proposals for development agreements.

History: Add. 1997, Act 69, Imd. Eff. July 17, 1997.

Popular name: Proposal E

432.214 Audit of license operations.

Sec. 14. Within 30 days after the end of each quarter of each fiscal year each casino licensee shall transmit to the board and to the city an audit of the financial condition of the licensee's total operations. All audits shall be conducted by a certified public accountant in a manner and form prescribed by the board. Each certified public accountant shall be registered in the state of Michigan under article 7 of the occupational code, 1980

PA 299, MCL 339.701 to 339.715. The compensation for each certified public accountant shall be paid directly by the licensee to the certified public accountant.

History: 1996, Initiated Law 1, Eff. Dec. 5, 1996;—Am. 1997, Act 69, Imd. Eff. July 17, 1997.

Popular name: Proposal E

432.215 Annual report of board; annual study of licensee; “minor” defined.

Sec. 15. (1) The board shall make an annual report to the governor, for the period ending December 31, of each year. The report shall be filed with the governor and submitted to the chairs of the legislative committees that govern casino-related issues on or before April 15 of the year following the year that the report covers. The report shall include an account of the board actions, its financial position and results of operation under this act, and any recommendations for legislation that the board considers advisable. The report shall also include the information required under subsection (2).

(2) Each casino licensee shall annually have a study conducted on minors and compulsive gaming and compile all of the following information for the casino that licensee is licensed to operate:

- (a) The number of minors who were denied entry into the casino.
- (b) The number of minors who were physically escorted from the casino premises.
- (c) The number of minors who were detected participating in gambling games other than slot machines and the number of minors who were detected using slot machines.
- (d) The number of minors who were taken into custody by a law enforcement agency on the casino premises.

(e) The number of minors who were detected illegally consuming alcohol on the casino premises.

(3) As used in this section, “minor” means a person less than 21 years of age.

History: 1996, Initiated Law 1, Eff. Dec. 5, 1996;—Am. 1997, Act 69, Imd. Eff. July 17, 1997.

Popular name: Proposal E

432.216 Repealed. 1997, Act 69, Imd. Eff. July 17, 1997.

Compiler's note: The repealed section pertained to limitation on taxation or other fees charged licensees.

Popular name: Proposal E

432.217 Contested cases; appeals.

Sec. 17. All contested cases shall be appealable pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328. Appeals from the grant or denial of a casino license shall be made to the court of appeals. All other contested case appeals shall be to the circuit court.

History: Add. 1997, Act 69, Imd. Eff. July 17, 1997.

Popular name: Proposal E

432.218 Prohibited conduct; violation as felony; violation as misdemeanor; penalties; presumption; venue.

Sec. 18. (1) A person is guilty of a felony punishable by imprisonment for not more than 10 years or a fine of not more than \$100,000.00, or both, and shall be barred from receiving or maintaining a license for doing any of the following:

(a) Conducting a gambling operation where wagering is used or to be used without a license issued by the board.

(b) Conducting a gambling operation where wagering is permitted other than in the manner specified in section 9.

(c) Knowingly making a false statement on an application for any license provided in this act or a written document provided under oath in support of a proposal for a development agreement.

(d) Knowingly providing false testimony to the board or its authorized representative while under oath.

(e) Willfully failing to report, pay, or truthfully account for any license fee or tax imposed by this act or willfully attempt in any way to evade or defeat the license fee, tax, or payment. A person convicted under this subsection shall also be subject to a penalty of 3 times the amount of the licensee fee or tax not paid.

(f) Making a political contribution in violation of section 7b of this act.

(2) A person commits a felony punishable by imprisonment for not more than 10 years or a fine of not more than \$100,000.00, or both, and, in addition, shall be barred for life from a gambling operation under the jurisdiction of the board if the person does any of the following:

(a) Offers, promises, or gives anything of value or benefit to a person who is connected with a licensee or affiliated company, including, but not limited to, an officer or employee of a casino licensee or holder of an occupational license pursuant to an agreement or arrangement or with the intent that the offer, promise, or

thing of value or benefit will influence the actions of the person to whom the offer, promise, or gift was made in order to affect or attempt to affect the outcome of a gambling game, or to influence official action of a member of the board.

(b) Solicits or knowingly accepts or receives a promise of anything of value or benefit while the person is employed by or connected with a licensee, including, but not limited to, an officer or employee of a casino licensee or holder of an occupational license, pursuant to an understanding or arrangement or with the intent that the promise or thing of value or benefit will influence the actions of the person to affect or attempt to affect the outcome of a gambling game.

(c) Offers, promises, or gives anything of value or benefit to a member, employee, or agent of the board or an official of any state or local agency or governmental body with the intent that the offer, promise, or thing of value or benefit will influence the official action of the person to whom the offer, promise, or gift was made pertaining to a city development agreement, or administering, licensing, regulating, or enforcing this act.

(d) Solicits or knowingly accepts or receives a promise of anything of value or benefit while the person is a member, employee, or agent of the board, or an official of any state or local agency or governmental body, pursuant to an understanding or arrangement or with the intent that the promise or thing of value or benefit will influence the official action of the member, employee, or agent of the board or official of the state or local governmental body pertaining to a city development agreement, or enforcing this act.

(e) Except as otherwise provided by the board, uses or possesses with the intent to use a device to assist in doing any of the following:

(i) Projecting the outcome of a gambling game.

(ii) Keeping track of the cards played in a gambling game.

(iii) Analyzing the probability of the occurrence of an event relating to a gambling game.

(iv) Analyzing the strategy for playing or betting to be used in a gambling game.

(f) Cheats at a gambling game.

(g) Manufactures, sells, or distributes cards, chips, dice, a game, or a device that is intended to be used to violate this act.

(h) Alters or misrepresents the outcome of a gambling game on which wagers have been made after the outcome is determined but before it is revealed to the players.

(i) Places a bet after acquiring knowledge, not available to all players, of the outcome of the gambling game that is the subject of the bet or to aid a person in acquiring the knowledge for the purpose of placing a bet contingent on that outcome.

(j) Claims, collects, takes, or attempts to claim, collect, or take money or anything of value in or from the gambling games, with intent to defraud, without having made a wager contingent on winning a gambling game, or claims, collects, or takes an amount of money or thing of value of greater value than the amount won.

(k) Uses counterfeit chips or tokens in a gambling game.

(l) Possesses a key or device designed for the purpose of opening, entering, or affecting the operation of a gambling game, drop box, or an electronic or mechanical device connected with the gambling game or for removing coins, tokens, chips, or other contents of a gambling game. This subdivision does not apply to a gambling licensee or employee of a gambling licensee acting in furtherance of the employee's employment.

(3) A person, or an affiliate of a person, is guilty of a misdemeanor punishable by imprisonment for not more than 1 year in a county jail or a \$10,000.00 fine, or both, for doing any of the following:

(a) Knowingly making a wager if the person is under 21 years of age or permitting a person under 21 years to make a wager.

(b) Willfully failing to appear before or provide an item to the board at the time and place specified in a subpoena or summons issued by the board or executive director.

(c) Willfully refusing, without just cause, to testify or provide items in answer to a subpoena, subpoena duces tecum or summons issued by the board or executive director.

(d) Conducting or permitting a person who is not licensed pursuant to this act to conduct activities required to be licensed under the casino, occupational, and suppliers licensee provisions in this act or in rules promulgated by the board.

(e) Knowingly violates or aids or abets in the violation of the provisions of section 7b of this act.

(f) Leasing, pledging, borrowing, or loaning money against a casino, supplier, or occupational license.

(4) The possession of more than 1 of the devices described in subsection (2)(e) permits a rebuttable presumption that the possessor intended to use the devices for cheating.

(5) An action to prosecute any crime described in this section may, in the discretion of the attorney general or county prosecuting attorney, be tried in the county in which the crime occurred or in the county of Ingham.

History: Add. 1997, Act 69, Imd. Eff. July 17, 1997.

Popular name: Proposal E

432.219 Property subject to seizure, confiscation, destruction, or forfeiture.

Sec. 19. Any equipment, gambling device, money, apparatus, material of gaming, proceeds, substituted proceeds, or real or personal property used, obtained, or received in violation of this act shall be subject to seizure, confiscation, destruction, or forfeiture.

History: Add. 1997, Act 69, Imd. Eff. July 17, 1997.

Popular name: Proposal E

432.220 Conduct subject to civil penalty.

Sec. 20. In addition to other penalties provided for under this act, a person who conducts a gambling operation without first obtaining a license to do so, or a licensee who continues to conduct gambling games after revocation of the licensee's license, or any licensee who conducts or allows to be conducted any unauthorized gambling games in a casino in which the licensee is authorized to conduct its gambling operation is subject to a civil penalty equal to the amount of gross receipts derived from wagering on the gambling games, whether unauthorized or authorized, conducted on that day as well as confiscation and forfeiture of all gambling game equipment used in the conduct of unauthorized gambling games.

History: Add. 1997, Act 69, Imd. Eff. July 17, 1997.

Popular name: Proposal E

432.221 Criminal history record investigation.

Sec. 21. When the board is authorized or required by law to consider some aspect of criminal history record information for the purpose of carrying out its statutory powers and responsibilities, the board shall, in the form and manner required by the department of state police and the federal bureau of investigation, cause to be conducted a criminal history record investigation to obtain any information currently or subsequently contained in the files of the department of state police or the federal bureau of investigation. The department of state police shall provide all criminal record information requested by the board for any person who is an applicant for or a holder of a license.

History: Add. 1997, Act 69, Imd. Eff. July 17, 1997.

Popular name: Proposal E

432.222 Exemption from federal law.

Sec. 22. Pursuant to section 2 of chapter 1194, 64 Stat. 1134, 15 U.S.C. 1172, approved January 2, 1951, the state of Michigan, acting by and through duly elected and qualified members of the legislature, does declare and proclaim that the state is exempt from chapter 1194, 64 Stat. 1134, 15 U.S.C. 1171 to 1178.

History: Add. 1997, Act 69, Imd. Eff. July 17, 1997.

Popular name: Proposal E

432.223 Shipment of gambling devices.

Sec. 23. All shipments of gambling devices, including slot machines, to licensed casinos in this state, the registering, recording, and labeling of which have been completed by the manufacturer or dealer thereof in accordance with chapter 1194, 64 Stat. 1134, 15 U.S.C. 1171 to 1178, are legal shipments of gambling devices into the state of Michigan.

History: Add. 1997, Act 69, Imd. Eff. July 17, 1997.

Popular name: Proposal E

432.224 Conservatorship.

Sec. 24. (1) Notwithstanding any other provision of this act, when the board revokes a casino license, or suspends a casino license for a period in excess of 120 days, or refuses to renew a casino license, whether or not an appeal is pending, the board, with notice to the mayor of the city in which the casino is located, shall appoint a conservator to, among other things, take into his or her possession and control all the property and business of the licensee relating to the casino. However, this subsection shall not apply in any instance in which the casino for which the casino license had been issued has not been in operation and open to the public. A person shall not be appointed as conservator unless the board is satisfied that he or she is qualified.

(2) The board may proceed in a conservatorship action in a summary manner and shall have the power to appoint and remove 1 or more conservators and to enjoin the former or suspended licensee from exercising any of its privileges from collecting any debts and from selling, assigning, or transferring any of its property to a person other than a conservator, except as the board may order. The board shall have the further powers

necessary for fulfilling the purposes of this act.

(3) Every conservator shall, before assuming his or her duties, execute and file a bond for the faithful performance of his or her duties payable to the board in the office of the board with the surety or sureties and in the form that the board shall approve and in the amount prescribed by the board.

(4) When more than 1 conservator is appointed pursuant to this section, each conservator is subject to this act. Each conservator may collect the debts and property of the former or suspended licensee. The powers and rights conferred upon the conservators shall be exercised only when a majority of the conservators have agreed to the proposed action.

(5) Upon his or her appointment, the conservator shall become vested with the title of all the property of the former or suspended licensee relating to the casino. Subject to any and all valid liens, claims, and encumbrances, the conservator shall have the duty to conserve and preserve the assets to ensure that the assets shall continue to be operated on a sound and businesslike basis.

(6) Subject to the general supervision of the board and pursuant to any specific order it may consider appropriate, a conservator shall have power to do all of the following:

(a) Take into his or her possession all the property of the former or suspended licensee relating to the casino and the approved hotel, including its books, records, and papers.

(b) Institute and defend actions by or on behalf of the former or suspended licensee.

(c) Settle or compromise with any debtor or creditor of the former or suspended licensee, including any taxing authority.

(d) Continue the business of the former or suspended licensee including entering into contracts, borrowing money, and pledging, mortgaging, or otherwise encumbering the property of the former or suspended licensee as security for the repayment of the conservator's loans. However, the power shall be subject to any provisions and restrictions in any existing credit documents.

(e) Hire, fire, and discipline employees.

(f) Review all outstanding agreements to which the former or suspended licensee is a party that fall within the purview of this act and advise the board on which, if any, of the agreements should be the subject of scrutiny, examination, or investigation by the board.

(g) Do all acts that best fulfill the purposes of this act.

(7) Except as otherwise provided in subsection (8), the conservator shall sell, assign, or otherwise transfer ownership of all of the property, in bulk, of a former licensee that was part of the casino or an approved hotel to a person who meets all of the requirements of this act and rules promulgated under this act to receive a casino license under this act subject to all of the following:

(a) Prior approval of the board with the consent of the mayor of the city in which the casino is located.

(b) Prior consultation with the former licensee about the reasonableness of the terms and conditions of the sale, assignment, or transfer.

(c) Prior written notice to all creditors and other persons required to be notified pursuant to court rule or statute.

(8) The conservator shall not conduct a sale, assignment, or transfer under subsection (7) under any of the following circumstances:

(a) A suspension of the casino license is pending.

(b) An appeal from an action that precipitated the conservatorship is pending.

(c) The board has not approved a sale, assignment, or transfer.

(9) Upon the request of the conservator, prior to a sale, assignment, or transfer under subsection (7), the board shall conduct a summary review of the proposed sale, assignment, or transfer of ownership.

(10) The board may direct that the conservator retain the property and continue the business of the former or suspended licensee relating to the casino and the approved hotel for an indefinite period of time. Without being personally liable, during any period of operation by the conservator, the conservator shall pay when due all secured obligations. The conservator is not immune from foreclosure or other legal proceedings to collect the secured debt. The conservator shall have all of the legal rights, claims, or defenses that would have been available to the former or suspended licensee.

(11) In a proceeding described in subsection (10), the board shall allow a reasonable compensation for the services, costs, and expenses for the conservator, the attorney for the conservator, the appraiser, the auctioneer, the accountant, and the other persons as the board may appoint in connection with the conservatorship.

(12) As an incident of its prior approval of the sale, assignment, or other transfer, in bulk, of all property of the former licensee that was a part of the casino, the board may require that the purchaser of the property assume in a form acceptable to the board all of the outstanding debts of the former licensee that arise from or were based upon the operation of the casino.

(13) The conservator shall not make a payment of net earnings during the period of the conservatorship without the prior approval of the board, which may direct that all or any part of the net earnings be paid to the suspended or former licensee or to the state casino gaming fund or the state services fee fund or to the city as a municipal services fee or tax or municipal wagering tax, in accordance with rules promulgated by the board. The former or suspended licensee is entitled to a fair rate of return out of net earnings, if any, during the period of the conservatorship on the property retained by the conservator.

(14) Following any sale, assignment, or other transfer, in bulk, of all the property subject to the conservatorship, the conservator shall pay the net proceeds from the sale that remain after payment of all obligations owing to the state of Michigan and any political subdivisions of the state and of those allowances set forth in this act to the former or suspended licensee.

(15) A conservator appointed pursuant to this act shall at all times be subject to this act and the rules, limitations, restrictions, terms, and conditions as the board may prescribe. Except as otherwise provided in this act, during the period of any conservatorship imposed by this act, the casino operation in the form of the conservatorship shall be considered a licensed casino operation subject to this act.

(16) The board shall direct the discontinuation of a conservatorship when the conservator has, with the prior approval of the board, consummated the sale, assignment, or other transfer, in bulk, of all of the property of the former licensee that was part of the casino.

(17) The board may direct the discontinuation of any conservatorship when it determines that the reason for which the action was instituted no longer exists.

(18) Upon the discontinuation of the conservatorship and with the approval of the board, the conservator shall take the steps necessary to effect an orderly transfer of the property of the former or suspended licensee.

(19) The sale, assignment, transfer, pledge, or other disposition of the securities issued by a former or suspended licensee during the pendency of a conservatorship instituted pursuant to this act does not divest or otherwise affect the powers conferred upon a conservator by this act.

(20) A conservator appointed pursuant to this act shall file with the board reports on the administration of the conservatorship in the form and at the intervals the board shall prescribe. Such reports shall be available for examination and inspection by any creditor or party in interest and, in addition, the board may direct that copies of the reports be mailed to designated creditors or other persons and that summaries of any reports be published in designated newspapers of general circulation.

History: Add. 1997, Act 69, Imd. Eff. July 17, 1997.

Popular name: Proposal E

432.225 Disassociated persons.

Sec. 25. (1) The board shall create a list of disassociated persons. The board shall, with the assistance of casino licensees, inform each patron of the list of disassociated persons and explain how the patron may add his or her name to the list.

(2) The board may add an individual's name to the list of disassociated persons if the individual has notified the board in writing of his or her pledge not to visit a casino in this state by filing an application for placement on the list of disassociated persons with the board.

(3) The board shall create and make available an application for placement on the list of disassociated persons. The application shall include all of the following information about the individual who is applying:

(a) Full name and all aliases.

(b) Physical description including height, weight, hair and eye color, skin color, and any other noticeable physical characteristics.

(c) Occupation.

(d) Current home and work addresses and phone numbers.

(e) Social security number.

(f) Date of birth.

(g) Statement that the individual believes he or she is a problem gambler and is seeking treatment.

(h) A photograph suitable for the board and casino licensees to use to identify the individual.

(i) Other information that the board considers necessary.

(4) An individual's name shall be placed on the list of disassociated persons after all of the following have occurred:

(a) The individual has submitted an application to be placed on the list of disassociated persons to the Michigan gaming control board.

(b) The application has been verified by a representative of the board.

(c) The individual has signed an affidavit in which he or she affirms that he or she wishes to be placed on the list of disassociated persons and authorizing the board to release the contents of his or her application to

all casino licensees in this state.

(d) The individual signs a form releasing the state of Michigan, the board, and the casino licensees from any injury the individual suffers as a consequence of placing his or her name on the list of disassociated persons.

(e) The individual signs a form stating that he or she understands and authorizes all of the following:

(i) That a criminal complaint for trespassing will be filed against him or her if he or she is found on the premises of a casino in this state and he or she will be immediately removed from the casino premises.

(ii) That if he or she enters a casino and wins any money, the board will confiscate the winnings.

(5) An individual who has his or her name placed on the list of disassociated persons shall remain on the list for the remainder of his or her life.

(6) After an application has been submitted to the board, the chairperson of the board shall file a notice of placement on the list of disassociated persons with the board at the next closed session. Information contained in an application under subsection (4) is exempt from disclosure under section 4c of this act and is not open for public inspection. The information shall be disclosed to the board, each casino licensee in this state, the department of attorney general, and the department of state police.

(7) The list of disassociated persons shall be provided to each casino licensee, the department of attorney general, and the department of state police.

(8) Each casino licensee in this state shall submit to the board a plan for disseminating the information contained in the applications for placement on the list of disassociated persons. The board shall approve the plan. The plan shall be designed to safeguard the confidentiality of the information but shall include dissemination to all of the following:

(a) The general casino manager or the managerial employee who has responsibility over the entire casino operations.

(b) All security and surveillance personnel.

(c) The department of state police.

(9) A casino licensee shall not extend credit, offer check cashing privileges, offer coupons, market its services, or send advertisements to, or otherwise solicit the patronage of, those persons whose names are on the list of disassociated persons.

(10) The casino licensee shall keep a computer record of each individual whose name is on the list of disassociated persons. If a casino licensee identifies a person on the premises of a casino, the licensee shall immediately notify the board, a representative of the board, or a representative of the department of state police who is on the premises of the casino. After the licensee confirms that the individual has filed an affidavit under this section, the licensee shall do all of the following:

(a) Immediately remove the individual from the casino premises.

(b) Report the incident to the prosecutor for the county in which the casino is located.

(11) A casino licensee who violates this act is subject to disciplinary action by the board.

(12) The board shall promulgate rules to implement and administer this act.

(13) An individual who has placed his or her name on the list of disassociated persons who enters a casino in this state is guilty of criminal trespassing punishable by imprisonment for not more than 1 year, a fine of not more than \$1,000.00, or both.

(14) This act does not create any right or cause of action on behalf of the individual whose name is placed on the list of disassociated persons against the state of Michigan, the board, or a casino licensee.

(15) Any winnings collected by the board under this act shall be deposited into the compulsive gaming prevention fund.

History: Add. 1997, Act 69, Imd. Eff. July 17, 1997.

Popular name: Proposal E

432.226 Ownership and disclosure threshold.

Sec. 26. For purposes of sections 5, 6, and 7a, the ownership and disclosure threshold as to any company whose stock is widely held, publicly traded, and regulated by the securities and exchange commission shall be beneficial ownership of more than a 5% interest in the company, provided, however, the board shall have the authority, by rule or order, to establish a reporting threshold below 5% if the company knew or should have known the identity of the person holding the interest below 5%.

History: Add. 1997, Act 69, Imd. Eff. July 17, 1997.

Popular name: Proposal E

COMPULSIVE GAMING PREVENTION ACT

Act 70 of 1997

AN ACT to create the compulsive gaming prevention fund; to impose duties on certain licensed entities; to prescribe the duties of certain state officials; and to impose penalties.

History: 1997, Act 70, Imd. Eff. July 17, 1997.

The People of the State of Michigan enact:

432.251 Short title.

Sec. 1. This act shall be known and may be cited as the “compulsive gaming prevention act”.

History: 1997, Act 70, Imd. Eff. July 17, 1997.

432.252 Definitions.

Sec. 2. As used in this act:

- (a) “Casino” means a building in which gaming is conducted.
- (b) “Casino licensee” means a person who is licensed to operate a casino under the Michigan gaming control and revenue act, the Initiated Law of 1996, MCL 432.201 to 432.216.
- (c) “Michigan gaming control board” means the Michigan gaming control board created in the Michigan gaming control and revenue act, the Initiated Law of 1996, MCL 432.20 to 432.216.
- (d) “Pathological gambler” means an individual with a severe, persistent, and recurrent maladaptive gambling behavior that disrupts personal, family, or vocational pursuits.

History: 1997, Act 70, Imd. Eff. July 17, 1997.

Compiler's note: In subdivision (c), the citation to “432.20 to 432.216” evidently should read “432.201 to 432.216.”

432.253 Compulsive gaming prevention fund; creation; disposition; distributions; investment; credit of interest and earnings; lapsed funds; fees for addiction treatment.

Sec. 3. (1) The compulsive gaming prevention fund is created within the department of treasury.

(2) All of the following shall be deposited in the compulsive gaming prevention fund:

- (a) The money appropriated from the state services fee fund created in section 12a of the Michigan gaming control and revenue act, 1996 IL 1, MCL 432.212a, for the compulsive gaming prevention fund.
- (b) A percentage of the net revenue in the state lottery fund created in section 41 of the McCauley-Traxler-Law-Bowman-McNeely lottery act, 1972 PA 239, MCL 432.41, that is equal to not less than 10% of each year's state lottery advertising budget but not to exceed \$1,000,000.00.
- (c) A percentage of the Michigan agriculture equine industry development fund created in section 20 of the horse racing law of 1995, 1995 PA 279, MCL 431.320, that is equal to 1/10 of 1% of the gross wagers made each year in each of the racetracks licensed under the horse racing law of 1995, 1995 PA 279, MCL 431.301 to 431.336.

(3) Of the money available in the compulsive gaming prevention fund, up to \$1,040,000.00 may be distributed annually to the domestic violence and treatment board created in section 2 of 1978 PA 389, MCL 400.1502. The remaining money in the compulsive gaming prevention fund shall be distributed as determined by the director of community health to be used exclusively for the treatment, prevention, education, training, research, and evaluation of pathological gamblers and their families and to fund the toll-free compulsive gaming helpline number.

(4) The state treasurer shall direct the investment of the fund. The state treasurer shall credit to the fund interest and earnings from fund investments.

(5) Money remaining in the compulsive gaming prevention fund at the close of the fiscal year shall remain in the compulsive gaming prevention fund and shall not lapse to the general fund.

(6) The department of community health may establish fees for the treatment of pathological gambling addictions.

History: 1997, Act 70, Imd. Eff. July 17, 1997;—Am. 2008, Act 282, Imd. Eff. Sept. 29, 2008.

432.254 Distribution of funds; authorization; use.

Sec. 4. The director of the department of community health, after consulting with the racing commissioner, the commissioner of the state lottery, and the chairperson of the Michigan gaming control board, shall authorize the distribution of funds from the compulsive gaming prevention fund to be used exclusively for the treatment, prevention, education, training, research, and evaluation of pathological gamblers and their families.

History: 1997, Act 70, Imd. Eff. July 17, 1997.

432.255 Funding levels; changes; submission of results and recommendations; assessment of fee on casinos licensed under MCL 432.201 to 432.216.

Sec. 5. (1) The results of funded studies and recommendations for any changes in funding levels shall be submitted to the racing commissioner, the commissioner of the state lottery, the chairperson of the Michigan gaming control board, the chairs of the senate and house committees on gaming issues, the senate and house of representatives appropriations committees and the director of the department of community health.

(2) If the director of the department of community health determines that the money in the compulsive gaming prevention fund is inadequate to fund the services, programs, or research required under this act, the Michigan gaming control board may assess a fee on each of the 3 casinos licensed under the Michigan gaming control and revenue act, the Initiated Law of 1996, MCL 432.201 to 432.216, that will equal the additional amount needed to adequately fund the services, programs, and research required under this act.

History: 1997, Act 70, Imd. Eff. July 17, 1997.

432.256 Public funds for treatment of pathological gamblers; legislative intent.

Sec. 6. It is the intent of the legislature to preserve the funds appropriated for the department of community health for the treatment of individuals pursuant to the mental health code, 1974 PA 258, MCL 330.1001 to 330.2106. Therefore, public funds for the treatment of pathological gamblers shall be taken exclusively from the compulsive gaming prevention fund.

History: 1997, Act 70, Imd. Eff. July 17, 1997.

CASINO INTEREST REGISTRATION ACT
Act 74 of 1997

AN ACT to regulate persons having certain gaming interests; to require registration of persons having certain gaming interests and their agents; to require the filing of reports; to prescribe the powers and duties of the department of state; and to prescribe penalties.

History: 1997, Act 74, Imd. Eff. July 17, 1997.

The People of the State of Michigan enact:

432.271 Short title.

Sec. 1. This act shall be known and may be cited as the “casino interest registration act”.

History: 1997, Act 74, Imd. Eff. July 17, 1997.

432.272 Definitions.

Sec. 2. As used in this act:

(a) “Affiliate” means a person who, directly or indirectly, through 1 or more intermediaries, controls, is controlled by, or is under common control with; is in a partnership or joint venture relationship with; or is a co-shareholder of a corporation, a co-member of a limited liability company, or co-partner in a limited liability partnership with a person who holds or applies for a casino license under this act.

(b) “Casino enterprise” means the buildings, facilities, or rooms functionally or physically connected to a casino, including but not limited to any bar, restaurant, hotel, cocktail lounge, retail establishment, or arena, or any other facility located in a city under the control of a casino licensee or an affiliate of a casino licensee company.

(c) “Casino key employee” means an individual employed in the operation of a licensed casino who the Michigan gaming control board designates as a key employee.

(d) “Department” means the department of state.

(e) “Local government” means a city, village, township, county, school district, or community college district.

(f) “Person” means an individual, limited liability company, proprietorship, firm, partnership, joint venture, syndicate, business trust, labor organization, company, corporation, association, committee, governmental entity, or other legal entity.

(g) “Person holding a casino interest” includes all of the following:

(i) A person who holds at least a 1% interest in a casino licensee or casino enterprise.

(ii) A person who is a partner, officer, or key or managerial employee of the casino licensee or casino enterprise.

(iii) A person who is an officer of the person who holds at least a 1% interest in the casino licensee or casino enterprise.

(iv) The spouse or children of a person listed in subparagraphs (i) through (iii).

History: 1997, Act 74, Imd. Eff. July 17, 1997.

432.273 Casino interest registration; form; late registration fee; violation of section as misdemeanor; penalty; notice of termination.

Sec. 3. (1) Not later than 5 days after obtaining a casino interest, the person who holds the casino interest shall file a registration form with the secretary of state. The registration shall contain the following information:

(a) The name and office address of the person holding the casino interest.

(b) A description of the casino interest.

(2) A person who fails to register under subsection (1) shall pay a late registration fee of \$10.00 for each day the person remains not registered in violation of subsection (1), not to exceed \$300.00. A person who is in violation by failing to register as required by this section more than 30 days is guilty of a misdemeanor and shall be fined not more than \$1,000.00.

(3) A person holding a casino interest shall file a notice of termination with the secretary of state within 30 days after the person ceases to hold a casino interest.

History: 1997, Act 74, Imd. Eff. July 17, 1997.

432.274 Registration form; other information required.

Sec. 4. A person, other than an individual, who holds a 1% or more interest in a casino licensee or casino

enterprise shall, in addition to the other information required in section 3, include on its registration form the names of its principal officers, board members, partners, or directors.

History: 1997, Act 74, Imd. Eff. July 17, 1997.

432.275 Registration forms; preparation and publication of summaries by department; dissemination to public.

Sec. 5. Twice a year, the department shall prepare and publish summaries of the registration forms received. The summaries shall include a list of the names of the persons who hold casino interests. The summaries shall be given wide public dissemination.

History: 1997, Act 74, Imd. Eff. July 17, 1997.

432.276 Violation of act or rules; investigation; procedures.

Sec. 6. (1) If the secretary of state, upon investigation of a report filed under this act, determines that there is probable cause a violation of this act occurred, the secretary of state shall forward the results of that investigation to the attorney general for enforcement of the penalties provided by this act.

(2) A person who alleges a violation of this act or rules promulgated under this act shall file a sworn complaint with the secretary of state. The secretary of state shall forward the complaint to the attorney general. Upon receipt of a sworn complaint, the attorney general shall determine whether there is probable cause that there was a violation of this act or the rules promulgated under this act. Notice shall be given to a person within 5 days after a sworn complaint is filed against that person. Notice shall include a copy of the sworn complaint. Every 60 days after the date of a request for an investigation and until the matter is terminated, the attorney general shall mail to the complainant and to the alleged violator notice of the action taken to date by the attorney general, together with the reasons for the action or nonaction. If it is determined that there is no probable cause that a violation of this act occurred, the attorney general shall immediately give notice of that determination to the complainant and to the person previously given notice under this subsection.

(3) All governmental bodies shall cooperate with the department of attorney general in the conduct of its investigations.

History: 1997, Act 74, Imd. Eff. July 17, 1997.

432.277 Rules.

Sec. 7. The secretary of state shall promulgate rules to implement this act pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

History: 1997, Act 74, Imd. Eff. July 17, 1997.

Administrative rules: R 432.1001 et seq. of the Michigan Administrative Code.

432.278 Violation of act or rules; duties of attorney general.

Sec. 8. The attorney general upon investigation and determination that this act or a rule promulgated under this act was violated shall do either of the following:

- (a) Initiate a civil action to enforce this act.
- (b) Begin criminal prosecution for the imposition of criminal penalties provided by this act in the judicial district in which the alleged violation occurred.

History: 1997, Act 74, Imd. Eff. July 17, 1997.